

**MEDIUM TERM REVENUE & EXPENDITURE
FRAMEWORK 2013/2014 – 2015/16
BUDGET DOCUMENT**



**OF
MADIBENG LOCAL MUNICIPALITY**

**CONTENT AND FORMAT OF 2013/2014 – 2015/2016
BUDGET DOCUMENT**

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List of acronyms

IDP	Integrated Development Plan
CRR	Capital Replacement Reserve
GAAP	Generally Accepted Accounting Principles
GAMAP	Generally Accepted Municipal Accounting Practice
GRAP	Generally Recognized Accounting Practice
DHLG	Department of Housing and Local Government
MFMA	Municipal Finance Management Act
SDBIP	Service Delivery and Budget Implementation Plan
CPIX	Consumer Price Index
FBS	Free Basic Services
GDP	Gross Domestic Product
MIG	Municipal Infrastructure Grant
BEE	Black Economic Empowerment
SMME	Small Medium and Micro Enterprises
LED	Local Economic Development
DPLG	Department of Provincial and Local Government
DWA	Department of Water Affairs
DORA	Division of Revenue Act
MTREF	Medium Term Revenue and Expenditure Framework
KPA	Key Performance Area
KPI	Key Performance Indicator
MSA	Municipal Systems Act
PMS	Performance Management System
PPP	Public Private Partnership
DBSA	Development Bank of South Africa
DM	District Municipality
SALGA	South African Local Government Agency
SETA	Sectoral Education and Training Authority
HDI	Historically Disadvantaged Individuals
CDW	Community Development Worker
EPWP	Extended Public Works Programme
NERSA	National Energy Regulator of South Africa
MSIG	Municipal Systems Improvement Grant
NDPG	Neighbourhood Development Partnership Grant
INEG	Integrated National Energy Grant
MM	Municipal Manager

2. MAYOR'S REPORT

Statement of the Executive Mayor during the presentation and the adoption of the 2013-2014 MTERF.

Honourable Speaker of Council-Clr.Buti Makhongela
Honourable Single Whip of Council- Clr.Solly Malete
Honourable Chairperson of Municipal Public Accounts-Clr.Ntshabele
Members of the Mayoral Committee, Magosi a Rona
The Accounting Officer-Mr.Monde Juta
Chief Operating Officer-Ntate Modise
Chief Finance Officer-Mrs Tondy Nkuna
Directors and Managers, Entire Officials of the Municipality
Majammogo, Representative Workers Unions
Our Mass Democratic Movement Structures
Business Community and its Representation
Baagi ba ba thomphegileng ba Madibeng
Representatives from the media, All protocol observed

Honourable Speaker, I am reliably informed that today's Council proceedings are live broadcast, and as such I need to be meticulous and conscious of possible contradictions which are normally picked and thrill the media house, which might have the potential to draw the reaction of the right conservative reactionary forces who at all times oppose the leftist ideas.

Honourable Speaker, we have once more completed a rigorous nine month process which is dictated to us through sections 21(1) (b) and 53(1)(b) of MFMA, wherein this Council together with its community, had started engagements on how socio-economic transformation agenda informed by needs of our communities, need to be shaped using our 2013/2014 MTREF which is due for implementation between 1st July 2013 to 31st June 2014.

Honourable Speaker, We need from the onset acknowledge the efforts put into the process by Councillors whom successfully articulated the above process, it really was not an easy task, but as a result of your dedication and the unwavering commitment displayed towards the creation of better communities, we were able to manage the process very successfully and meticulously.

We must also hasten to send our gratitude to all officials who followed our program to the latter and having been able to record comments and questions raised during such meetings. It is as a result of your patriotic spirit that you were able to put everything personal aside, even your family in order to express true comradeship character of a special type.

Colleagues, Annexure C1 to C4 from pages 276-278 of our Council agenda, details how the process of Community consultation on the draft budget as we consolidate participatory democracy, managed to provide dynamics that exist from individual wards to the extent that, some wards meetings raised issues as conditions for approval. In the main, we are content about the robust nature and intensity of engagements which attest to the maturity of our democracy.

This budget comes at the time when our Country including our Municipality, is engaging in a reshaping course. We are almost at the midterm of our tenure, we managed to walk twenty four

months of the sixty months lifespan of Municipal Councils, we are also at the time when we celebrate 19 years of our hard earned Democracy and Freedom and we are left with eleven months to close two decades of the existence of our Democracy, we are also presenting this budget at the time when the ruling party (African National Congress) celebrates hundred years of her establishment and already having entered into her second century of her existence and most importantly, having reaffirmed her commitment and relevance towards her Revolutionary Programme of National Democratic Transformation.

Honorable Speaker, we are all compelled to agree that, key focus aspects of this budget include, the demonstration of our collective commitment towards broadening service delivery whilst at the same time, expanding the investment infrastructure, secondly, we need to accept and appreciate our economic condition which has shown signs of down sliding which inevitably played a leading role in terms of the revenue allocations to all our wards, which is evident and concurs to the caution made by the National Minister of Finance, Honorable Pravin Gordon when he emphasised the need for adjusted spending patterns, thirdly and equally important, is the National Development Plan which is the road map towards 2030 transformation program that identifies key challenges that face our communities, whilst in the same breath, provides intervention mechanisms for implementation.

Honorable Speaker, you and I and everyone else here today, know and are agreeable that, we are faced with triple challenges of, inequality, poverty and unemployment in our Municipality, and that, these challenges, must at all times form part of our planning and efforts in order to transform our communities, and as such, this budget was mindful of the above, hence conscious steps were taken to address the above matters as we made are allocations, and central is that, we should not forget that the approach adopted by our government, directs every sphere of government to moderate the fiscal deficit whilst maximising economic recovery, so that we are enabled to mitigate on the above challenges.

Colleagues all these factors, were key and have guided us in the crafting and finalisation of the 2013/2014 MTREF.

We are also encouraged by the facts that, our consciousness regarding control measures and systems in relation to expenditure and generally accepted financial management systems, continue in guiding our behaviour in relation to the use of scarce public resources by tighter controls introduced through circular 67 of the Municipal Finance Management Act 2006, expects of Municipalities to expend capital expenditure through acceptable supply chain measures and procedures to avoid and circumvent tender manipulations.

Honourable Speaker, policies in this regard have been introduced and procedures already in use. **In this regard allow me to acknowledge with veneration, the ingenuity shown by our Chief Financial Officer- Manana Nkuna, Ha mi khensa- futhi hi mi kombelela mikatikiso.**

Wathintha a bafazi, wa thintha imbokodo.

Colleagues, there is an area that requires decisiveness and careful consideration by all of us, doing it without favour or fear, and without any doubt, this Municipality must grow its revenue base. We need to face the challenge to look into new, innovative and progressive ways of growing our revenue base, though we are collecting, we cannot convincingly conclude that our collection is adequate, and as such, in the 2013/2014 budget year our paradigm must radically shift so that our revenue enhancement efforts are maximised to impact positively towards a heightened infrastructure investment. I need to highlight that revenue collection is at the heart beat of every Municipality as such we must be resolute to create such through dedicated and practical efforts, during 2013/2014 MTREF we are going to broaden the Budget and treasury department in order to advance our aspiration and vision.

Honorable Speaker, this budget acknowledged the macro-economic performance whilst at the same time taking into account projections on inflation and costs to employees, which unavoidably informed our revision of the tariff structure on water and electricity. There are factors which we cannot ignore lest we invite unnecessary conflict with our consumers. In the process we are fully aware that as much as we demand of consumers to foot their bills we have budgeted sufficiently but within the legal frame to ensure that services are rendered unhindered through proper maintenance and operation plans. Colleagues we are duty and constitutionally bound, to provide our communities with affordable, sustainable and qualitative services, hence this obligation and commitment will also apply towards our industrial sector wherein an agreed upon phased in approach over a three year period will apply. Our recent engagements with them (Industrialists), has created a space and an understanding for further consultative meetings so that we are able to accommodate one another in our individual yet collaborative responsibilities.

Honorable Speaker, and respected Colleagues, from the combined R1.4 billion 2013/2014 budget for both capital and operational, of which R222.5 million is directed towards capital needs informed by the IDP I must place the following highlights on record that;

- R58.6 million which is 26.3% of the capital budget has been allocated to water.
- R57.6 million allocated for roads and storm water, of which Mshamplane road forms part of, which comes as a direct response to the Imbizo held on 18th May 2013. This, will also cater for the bridges that were damaged and eroded during the recent past storms. It must also be mentioned that, engagements with MAJETO in respect to the concerns about poor conditions of the main road in Maboloka, will also receive a cut as an attempt to address their concerns, but most importantly, in appreciation for their patience and understanding.

Furthermore, I must indicate that the Jericho- Makgabetloane road requires urgent attention, because it cannot remain in construction phase indefinitely, this road must be concluded. The Municipal Manager and I have committed ourselves that, we need to dedicate time

wherein together we visit all our projects in order to be in touch with issues around all our projects.

- In addition, we cannot overlook, conditions of roads in Modderspruit, Meerhof, Segwaelane at Mamogwe section, because our Municipality is inundated with complaints from these communities. This allocation together with SANRAL program, must find a way to bring sanity in the condition of these roads.
- Sanitation remains another priority need, and R30.5 million which 13.3% has been apportioned. We are mindful of sanitation challenges especially in the informal settlements.
- We remain committed to electrifying our communities hence R14 million has been put aside for this responsibility. Colleagues Eskom has made rearrangements with regards to the 2012/2013 electrification program, and as such, the Oskraal electrification got negatively affected. The Municipal Manager has taken it upon himself to urgently redress this challenge as speedily as it is possible, proper channels and procedures will be pursued in order to redress this matter.
- The commitment we received from the land owners at Tlapa -la -Wa, provides an opportunity to file an application with INEP to connect about 230 households in the area, I am happy because already the application was submitted yesterday by the Municipal Manager when the afore mentioned dynamics were presented to us.

Honourable Speaker, given our meagre revenue, we have tried our best to share the cake among all our wards, whilst we must remain mindful of the persistency of the legacy of Colonialism of a special type, which dictates to us that, despite all these efforts and other achievements, we remain challenged by the character of our economy which entrenches dualism and marginalisation, suppression of economic diversity, which advocates skewed pattern of ownership and production, encouraging spatial and gender patterns of development and underdevelopment with regards to the social, human resources and infrastructure backlogs.

We therefore, must remain mindful of our role as a public service organisation, and see how best we can use our Municipality as the pillar of the Social and Economic Transformation relevant enough, to advance our National Democratic Revolution, which is underpinned in building a non-sexist, non-racial, democratic and equal citizenry within our Municipality.

As I conclude, I must reiterate our unequivocal stance, which is, Madibeng Local Municipality jointly with its people, celebrate the year of Unity in Action towards Socio-Economic Freedom.

Honourable Speaker and Colleagues, this is our 2013/2014 Medium Term Revenue Expenditure Framework which I present together with all its supportive policies for adoption.

I thank You All.

3. COUNCIL RESOLUTIONS

RESOLVED

1. That the final budget proposals by the Executive Mayor for the financial year 01 July 2013 to 30 June 2014 as contained in the Medium Term Revenue and Expenditure Forecasts for the financial years 2014/2015 to 2015/2016, be approved.
2. That Council's Medium Term Revenue and Expenditure Forecasts for the financial years 2013/2014 to 2015/2016, be adopted and be submitted to the National – and Provincial Treasuries.
3. That Council takes note that for the 2013/2014 financial year the income and expenditure budget has a surplus of R 235.
4. That the proposed tariffs increase as indicated on the Tariff policy be approved.
5. That Heads of Department should monitor the revenue of their relevant departments/section regularly, and, should they find that the estimated revenue would not be realised, and advise Budget and Treasury Office department so that a budget adjustments report could be submitted timeously to Council for approval.
6. That capital expenditure to be financed from grants and other external mechanisms takes place after the funds secured have been confirmed in writing and/or received. The proposed capital budget should entirely be based on the IDP priorities in order to achieve National targets on service provision.
7. That the departments responsible for the claiming of grants and sourcing other funding means ensure that such is done punctually in order to prevent cash flow problems for Council and that a copy of the claims for funds immediately be made available to the Budget and Treasury Office.
8. That measurable performance objectives for revenue from each source and for each vote contained in the budget presentation as determined in terms of section 24(2)(c)(iii) of the MFMA be approved.
9. That the following budget related policies be approved and be implemented as from 01 July 2013:
 - 9.1. Budget & Virement Policy
 - 9.2. Property Rates Policy & Bylaw
 - 9.3. Tariff Setting Policy
 - 9.4. Donations Sponsorships and Gifts Policy
 - 9.5. Revised Cash Management and Investment Policy
 - 9.6. Revised Indigent Household Subsidy Policy
 - 9.7. Draft Supply Chain Management Policy
 - 9.8. Draft Asset Management Policy
 - 9.9. Revised Credit Control and Debt Collection Policy & Bylaw
 - 9.10. Draft Customer Care Policy
 - 9.11. Draft Disposal Policy
 - 9.12. Draft Bad Debt Write-off Policy
 - 9.13. Other Policies for controlling Expenses
 - 9.14. Draft Overtime Policy (new)
 - 9.15. Draft Stay and Travel Policy(new)
 - 9.16. Draft Payroll Policy (new)
 - 9.17. Draft Petty Cash Policy
 - 9.18. Draft Cellular Phone and Data Contract Policy (new)
 - 9.19. Draft Leave Policy (New)
10. That an opportunity be given to Councillors to engage with the leadership and officials to discuss concerns raised in the budget.

APPROVED

SPEAKER: CLR PB MAKHONGELA

4. EXECUTIVE SUMMARY

The total revenue budget including operating and capital transfers amount to R1.4 billion for 2013/14, R1.6 billion for 2014/15 and R1.8 billion for 2015/16. The total revenue budget has increased by R50.2 million from the 2012/13 Approved budget and decreased by R19.4 million from the 2012/13 Adjustment budget.

The total Expenditure budget amount to R1.4 billion for 2013/14 MTREF and R1.6 billion for 2014/15 and R1.8 billion for 2015/16. The total expenditure budget has increased by R50.2 million from the 2012/13 approved budget and by R19.4 million from the 2012/13 Adjustment budget. Table 1 provide executive summary on both revenue budget and expenditure budget.

Tabled 1: Summary of Projected Revenues and Expenditure

DESCRIPTION	Approved Budget 2012/13	Adjusted Budget 2012/13	MTREF		
			2013/2014	2014/2015	2015/2016
	R	R	R	R	R
Internal Operating Revenue	891 412 700	892 329 500	891 994 402	1 006 531 776	1 067 968 758
Grants and Subsidies	500 343 000	499 724 000	549 989 000	639 470 000	760 972 500
Reserves, unspent grant		69 336 169			
Total Revenue Budget	1 391 755 700	1 461 389 669	1 441 983 402	1 646 001 776	1 828 941 258
Operating Budget	1 181 179 700	1 182 096 500	1 219 454 167	1 394 141 949	1 548 305 714
Capital Budget	210 500 000	279 217 169	222 529 000	251 378 000	279 911 000
Total Expenditure Budget	1 391 679 700	1 461 313 669	1 441 983 167	1 645 519 949	1 828 216 714
Surplus/Deficit	76 000	76 000	234	481 827	724 545

5. OPERATING REVENUE FRAMEWORK

The total operating revenue budget over the medium term is R4.2 billion, constituted by R1.2 billion for 2013/14, R1.3 billion for 2014/15 and R1.5 billion for 2015/16. Total revenue increased by 3.1% against the 2012/13 adjustment budget or by R24.8 million and by 3.1% against the 2012/13 approved budget or by R25.7 million. (See Table 2 below).

Table 2: Operating Revenues

Revenue Source	Approved Budget 2012/13	Adjusted Budget 2012/13	MTREF		
			2013/2014	2014/2015	2015/2016
	R	R	R	R	R
Property Rates	217 000 000	217 000 000	311 830 764	328 669 625	346 417 785
Service Charges:					
Electricity	373 000 000	373 000 000	368 677 175	398 171 349	430 025 057
Water	115 100 000	115 100 000	81 503 106	85 904 274	90 543 105
Sewerage	43 000 000	43 000 000	21 771 956	22 947 642	24 186 815
Refuse Removal	25 000 000	25 000 000	23 544 539	24 815 944	26 156 005
Surcharge	36 000 000	36 000 000			
Other Income	111 292 700	111 129 000	145 266 861	146 022 943	150 639 993
Less : Revenue Foregone	-28 980 000	- 28 980 000	(60 600 000)	-	-
Total Internal Operating Revenue	891 412 700	892 329 500	891 994 402	1 006 531 776	1 067 968 758
Grants and Subsidies	289 843 000	289 843 000	325 060 000	388 092 000	478 739 000
Total Operating Revenue	1 181 255 700	1 182 172 500	1 217 054 402	1 394 623 776	1 546 707 758

The internal operating revenue for the 2013/14 financial year amount to R891.9 million, which constitute 73% of the total operating revenue budget of R1.2 billion, while operating grants and subsidies amount to R325 million, which constitutes 27% of the total operating revenue budget.

- Property rates has increased by R 94.8 million from R217 million to R 311.8million in 2013/14.
- Electricity has decreased by R4.3 million from R373 million to R368.6 million in 2013/14.
- Sanitation has decreased by R 19.4 million from R43 million to R 23.5 million in 2013/14.
- Refuse removal has decreased by R1.4 million from R25 million to R23.5 million in 2013/14.
- Surcharges is not budgeted over the medium term revenue and expenditure frame-work. However efforts are made to ensure that the municipality generates revenue on the item.
- Electricity and Property rates constitutes the biggest component of the internal operating revenue budget over the medium term revenue and expenditure frame-work. Table 3 further indicates the percentage per service as far as the internal operating revenue is concerned.
- Other income includes amongst others: interest on outstanding consumer accounts, interest on investment, rental of facilities, fines, licenses and permits, agency fees, town planning fees, building plans, cemeteries etc.

Table 3: Percentages per Services

Revenue Source	Approved Budget 2012/13	Adjusted Budget 2012/13	MTREF		
			2013/2014	2014/2015	2015/2016
	R'000	R'000	R'000	R'000	R'000
Property Rates	18.36%	18.36%	25.62%	23.57%	22.40%
Service Charges:					
Electricity	31.55%	31.55%	30.29%	28.55%	27.80%
Water	9.74%	9.74%	6.70%	6.16%	5.85%
Sewerage	3.64%	3.64%	1.79%	1.65%	1.56%
Refuse Removal	2.11%	2.11%	1.93%	1.78%	1.69%
Surcharge	3.05%	3.05%	-	-	-
Other Income	9.49%	9.49%	11.94%	10.47%	9.74%
	-2.45%	-2.45%	-4.98%	-	-
Total Internal Operating Revenue	75.48%	75.48%	73.29%	72.17%	69.05%
Grants and Subsidies	24.52%	24.52%	26.71%	27.83%	30.95%
Total Operating Revenue	100%	100%	100.00%	100.00%	100.00%

PROPOSED TARRIFS

The proposed tariff increases for the 2013/14 MTREF, for property rates, electricity, water, sanitation and for waste removal are shown in Table 9 below. The municipalities has not finalise the process of reviewing the level and structure of our water and sanitation and solid waste tariffs with a view to ensuring:

- Water and sanitation tariffs are on aggregate fully cost reflective, taking into account the bulk Cost of water, the cost of maintenance and renewal of purification and or treatment plants and
- The tariffs for solid waste management to maintain a cash backed reserve to cover the future costs of rehabilitating land fill sites. At present solid waste management is running at deficit.

Table 9: Proposed Tariff Increase Percentage

Description	Approved Budget 2012/13	Adjusted Budget 2012/13	MTREF		
			2013/2014	2014/2015	2015/2016
Property rates	0%	0%	5.6%	5.4%	5.4%
Electricity	16.5%	16.5%	7%	7%	7%
Water	20%	20%	18%	18%	18%
Sewerage	7%	7%	18%	18%	18%
Refuse Removal	20%	20%	5.6%	5.4%	5.4%
Surcharges	5%	5%	5.6%	5.4%	5.4%
Other services	7%	7%	5.6%	5.4%	5.4%

TRANSFERS AND GRANTS RECEIPTS

Table 4 gives a breakdown of the various operating grants and subsidies allocated to the municipality over the medium term:

Table 4: National and Provincial Allocations

Expenditure Items	Approved Budget	Adjusted Budget	Proj Inc/Exp	MTREF		
	2012/13	2012/13	June 2013	2013/14	2014/15	2015/16
	R	R		R	R	R
Equitable share	273 733 000	273 733 000	197 613 000	308 470 000	369 058 000	462 097 000
Financial Management Grant	1 500 000	1 500 000	1 500 000	1 550 000	1 600 000	1 650 000
Municipal System Improvement Grant	800 000	800 000	800 000	890 000	934 000	967 000
PMU Grant Operational(MIG)	3 500 000	3 500 000	3 500 000	3 500 000	3 500 000	3 500 000
DWA Operating and Maintenance	7 910 000	7 910 000	7 910 000	8 650 000	11 000 000	8 525 000
HRSETA	2 000 000	2 000 000	2 000 000	2 000 000	2 000 000	2 000 000
Library NWPG	400 000	400 000	400 000			
Fire and Emergency Grant in aid (Fire Services)				2 100 000	-	2 200 000
Disaster Management				300 000	-	122 500
Total Operating Grants and Subsidies	289 843 000	289 843 000	213 723 000	327 460 000	388 092 000	481 061 500
Municipal Infrastructure Grant	198 870 000	198 870 000	198 870 000	216 956 000	241 378 000	259 911 000
Expanded Public Works Programme	1 411 000	2 180 000	2 180 000	2 573 000		
Integrated National Electrification Programme	4 600 000	4 600 000	4 600 000	3 000 000	10 000 000	20 000 000
Reserves/unspent grant		69 336 169				
Total Capital Grants and Subsidies	494 724 000	564 829 169	419 373 000	549 989 000	639 470 000	760 972 500
Total Grants and Subsidies	494 724 000	564 829 169	419 373 000	549 989 000	639 470 000	760 972 500

6 . OPERATING EXPENDITURE FRAMEWORK

Severe constraints were placed on the development of the Operating Budget; however Council was conscious to keeping increases in expenditure, in line with the macro limits imposed by National Treasury. Furthermore, the Council will as required by the Municipal Financial Management Act to produce credible and balance budget. The following funding choices were considered when prioritising the activities to be funded:

- ❖ Ensuring that drinking water and waste water management meets the required quality standards at all times;
- ❖ Protecting the poor by ensuring that the tariffs were affordable and the council should consider rebates on property rates to be levied.
- ❖ Supporting meaningful local economic development (LED) initiatives that foster micro and small business opportunities and job creation;
- ❖ Securing the health of their asset base (especially the municipality's revenue generating assets) by increasing spending on repairs and maintenance;
- ❖ Expediting spending on capital projects that are funded by conditional grants;
- ❖ Ensuring that borrowed funds are invested in revenue generating assets as part of the capital programme

The operating expenditure budget for the medium term equates to R3.9 billion, constituted by R1.2 billion for 2013/14, R1.3 billion for 2014/15 and R1.4 billion for 2015/16. Total operating expenditure has increased by 2% against the 2012/13 Adjustments Budget, or by R24.8 million and by 2% against the 2012/13 approved budget, or 25.7 million. (See Table 5).

Table 5: Operating Expenditure

Expenditure Items	Approved Budget 2012/13	Adjusted Budget 2012/13	MTREF		
			2013/2014	2014/2015	2015/2016
	R	R	R	R	R
Employee Related Expenses	225 203 700	233 589 179	288 399 936	321 933 767	355 279 862
Remuneration of Councillors	24 400 000	26 200 000	24 497 971	25 747 371	27 008 993
Bad Debts Provision	190 000 000	190 000 000	185 000 000	220 000 000	250 000 000
Depreciation	40 395 500	40 395 500	40 400 000	50 000 000	60 000 000
Repair & Maintenance	44 855 500	44 049 484	44 865 000	65 137 695	83 489 481
Interest : External Borrowing	38 000 000	24 238 059	10 000 000	30 000 000	40 000 000
Bulk Purchases	400 054 000	370 054 000	366 000 000	445 000 000	484 300 000
Contracted Services	82 380 000	101 380 000	105 900 000	102 204 400	95 230 924
Assistance to Indigents	15 000 000	15 000 000	16 000 000	20 500 000	26 000 000
General Expenses	120 891 000	137 190 281	135 991 260	113 618 716	124 673 455
Total Operating Expenditure	1 181 179 700	1 182 096 500	1 206 946 658	1 322 841 281	1 455 840 706

Provision for doubtful debts

The budgeted amount on provision for doubtful debts takes into account the collection rate of 75% on service charges for the past eight months.

Repairs and maintenance

Repairs and maintenance budget 4% of the 2012/13 budget.

Bulk-purchases

The budget takes into account the Eskom tariff increase, Rand-water tariff increase, Eskom tariff increase. The budget has decrease by R4 million from the 2012/13 Adjustment budget.

Contracted Service

The budget has increased by 2.5 million from the 2012/13 Adjustment budget.

Depreciation

There are no major changes on the 2012/13 Adjustment budget and the 2013/14 proposed budget.

Public Investment Corporation (PIC) loan

The municipality is still negotiating with PIC and once the matter has been finalised the proper allocation will be made if need be.

7. CAPITAL EXPENDITURE

The proposed capital budget for 2013/14 is R222.5 million whilst those for 2014/15 and 2015/16 are R226.6 million and R216.9 million respectively. The Capital budget has decreased by R52.6 million from the 2012/13.

Table 6: Capital Budget

Description	Approved Budget 2012/13	Adjusted Budget 2012/13	MTREF		
			2013/2014	2014/2015	2015/2016
	R	R	R	R	R
Municipal Infrastructure Grant	196 400 000	196 400 000	216 956 000	241 378 000	259 911 000
Municipal Infrastructure Grant(unspent)		45 776 510			
Expanded Public Works Programme	4 000 000	1 411 000	2 000 000		
Expanded Public Works Programme(unspent)		2 589 000			
Integrated National Electrification Programme	4 600 000	4 600 000	3 014 000	10 000 000	20 000 000
Provincial Grant(unspent)		2 800 000			
Internal Funding	5 500 000	25 640 659			
Total Capital Grants and Subsidies	210 500 000	279 217 169	221 970 000	251 378 000	279 911 000

The MTREF allocates funds to different capital needs in line with the IDP priorities and government funding requirements as follows:

Table 7: Capital Expenditure per Category

Description	Approved Budget 2012/13	Adjusted Budget 2012/13	MTREF		
			2013/2014	2014/2015	2015/2016
	R	R	R	R	R
Water Reticulation and Sanitation	80 500 000	124 621 382	58 606 000	82 178 000	98 411 000
Road and Storm Water	74 500 000	77 234 803	57 050 000	88 500 000	89 500 000
Car parks, Bus and Taxi Ranks		1 203 518			12 000 000
Electricity Reticulation and Public Lighting	7 600 000	18 840 659	3 014 000	14 000 000	35 000 000
Sewerage Purification and Reticulation	29 500 000	26 502 573	30 500 000	45 000 000	45 000 000
Refuse Sites	18 400 000	6 809 760	10 500 000	14 000 000	
Community Facilities and Cemeteries		16 991 595	62 300 000	7 700 000	
Local Economic Projects		4 112 879			
Office Equipment, Furniture, Vehicle etc		2 900 000			
Total Capital Budget	210 500 000	279 217 169	221 970 000	251 378 000	279 911 000

- The budget allocation on water projects for the 2013/14 budget amount to R58.6 million, which represent 26.3% of the total capital budget.
- The budget allocation on Roads and storm-water projects for the 2013/14 budget amount to R57.6 million, which represent 25.8% of the total capital budget.
- The budget allocation on sanitation projects for the 2013/14 budget amount to R30.5 million, which represent 13.7% of the total capital budget.
- The budget allocation on electricity projects for the 2013/14 budget amount to R14 million, which represent 1.3% of the total capital budget.
- The budget allocation on solid waste management projects for the 2013/14 budget amount to R10.5 million, which represent 4.7% of the total capital budget.
- The budget allocation on community facilities projects for the 2013/14 budget amount to R62.3 million, which represent 27.9 % of the total capital budget.

8. ANNUAL BUDGET TABLES - PARENT MUNICIPALITY

The budget schedule contains the ten main budget tables as required in terms of section 8 of the Municipal Budget and Reporting Regulations. These tables set out the municipality's 2013/14 budget and MTREF as approved by the Council. Each table is accompanied by *explanatory notes* on the facing page. Budget schedules are attached as “Annexure ”

(Table A1) - Budget Summary

Description	2009/10	2010/11	2011/12	Current Year 2012/13				2013/14 Medium Term Revenue & Expenditure Framework		
R thousands	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Financial Performance										
Property rates	175 620	189 594	161 345	188 020	188 020	188 020	144 692	251 231	328 670	346 418
Service charges	318 289	343 914	443 982	608 960	609 341	609 341	391 723	512 073	549 036	588 729
Investment revenue	7 211	11 056	19 664	7 140	7 140	7 140	7 658	10 304	10 839	11 355
Transfers recognised - operational	289 908	274 412	669 097	289 843	289 843	289 843	215 827	327 460	388 092	481 062
Other own revenue	140 640	69 553	72 348	87 293	87 829	87 829	69 342	118 387	116 304	120 980
	931 668	888 528	1 366 437	1 181 256	1 182 173	1 182 173	829 241	1 219 454	1 392 940	1 548 543
Total Revenue (excluding capital transfers and contributions)										
Employee costs	187 823	202 975	228 321	225 204	233 589	233 589	209 225	288 400	321 934	355 280
Remuneration of councillors	14 470	15 365	19 769	24 400	26 239	26 239	19 122	24 498	25 747	27 009
Depreciation & asset impairment	39 461	37 849	37 964	40 396	40 396	40 396	21 796	40 400	50 000	60 000
Finance charges	57 324	63 216	64 292	38 000	23 600	23 600	51 580	10 000	30 000	40 000
Materials and bulk purchases	239 069	303 214	334 465	446 310	411 527	411 527	335 698	402 215	498 138	559 264
Transfers and grants	6 837	8 430	9 561	15 000	15 000	15 000	1 845	16 000	19 816	25 512
Other expenditure	410 831	285 173	272 455	391 871	431 746	431 746	136 931	437 941	446 823	480 752
Total Expenditure	955 813	916 221	966 827	1 181 180	1 182 097	1 182 097	776 198	1 219 454	1 392 458	1 547 818
Surplus/(Deficit)	(24 145)	(27 694)	399 609	76	76	76	53 044	0	482	725
Transfers recognised - capital	-	-	-	-	-	-	-	-	-	-
Contributions recognised - capital & contributed assets	-	-	-	-	-	-	-	-	-	-
	(24 145)	(27 694)	399 609	76	76	76	53 044	0	482	725
Surplus/(Deficit) after capital transfers & contributions										
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) for the year	(24 145)	(27 694)	399 609	76	76	76	53 044	0	482	725
Capital expenditure & funds sources										
Capital expenditure	90 666	51 016	231 946	210 500	279 217	279 217	162 696	221 956	251 378	279 911
Transfers recognised - capital	90 666	51 016	231 946	205 000	279 217	279 217	124 603	221 956	251 378	279 911
Public contributions & donations	-	-	-	-	-	-	-	-	-	-
Borrowing	-	-	-	-	-	-	-	-	-	-
Internally generated funds	-	-	-	5 500	-	-	-	-	-	-
Total sources of capital funds	90 666	51 016	231 946	210 500	279 217	279 217	124 603	221 956	251 378	279 911

Financial position										
Total current assets	267 315	396 746	358 306	462 533	359 607	359 607	–	354 615	355 469	356 169
Total non current assets	1 499 606	1 546 711	1 724 285	1 646 408	1 636 488	1 636 488	–	1 827 719	1 868 946	1 914 769
Total current liabilities	259 399	420 853	327 372	67 000	324 485	324 485	–	227 550	226 130	225 130
Total non current liabilities	543 995	588 039	642 328	541 000	642 328	642 328	–	645 000	651 600	574 690
Community wealth/Equity	963 526	934 564	1 112 891	1 500 941	1 029 282	1 029 282	–	1 309 784	1 346 685	1 471 118
Cash flows										
Net cash from (used) operating	78 869	152 670	87 191	66 659	66 649	66 649	–	227 166	273 601	380 759
Net cash from (used) investing	(93 737)	(144 300)	(173 340)	25 000	25 000	25 000	–	(161 856)	(191 118)	(218 911)
Net cash from (used) financing	60 461	12 656	46 792	(48 500)	(48 500)	(48 500)	–	(22 710)	(34 011)	(44 162)
Cash/cash equivalents at the year end	57 699	78 725	39 369	53 159	53 149	53 149	10 000	95 759	144 232	261 918
Cash backing/surplus reconciliation										
Cash and investments available	106 433	216 475	123 969	277 941	150 156	150 156	–	113 315	123 832	133 932
Application of cash and investments	(46 930)	300 285	164 814	(154 134)	81 586	81 586	–	8 218	12 094	5 355
Balance - surplus (shortfall)	153 363	(83 810)	(40 845)	432 075	68 570	68 570	–	105 097	111 738	128 577
Asset management										
Asset register summary (WDV)	1 438 586	1 500 595	1 689 329	1 608 000	1 598 080	1 598 080	1 792 000	1 792 000	1 832 500	1 878 000
Depreciation & asset impairment	39 461	37 849	37 964	40 396	40 396	40 396	40 400	40 400	50 000	60 000
Renewal of Existing Assets	–	–	–	–	2 100	2 100	2 100	–	–	12 000
Repairs and Maintenance	21 432	12 243	16 595	46 256	47 299	47 299	36 215	36 215	53 138	74 964
Free services										
Cost of Free Basic Services provided	10 407	9 154	10 254	10 635	1 022	1 022	21 354	21 354	22 550	23 813
Revenue cost of free services provided	10 407	32 774	38 874	40 335	40 335	40 335	82 671	82 671	23 267	24 530
Households below minimum service level										
Water:	18	18	25	30	30	30	52	52	52	52
Sanitation/sewerage:	40	40	47	50	50	50	12	12	12	12
Energy:	24	27	39	45	45	45	30	30	30	30
Refuse:	–	29	29	29	29	29	119	119	119	119

1. Table A1 is a budget summary and provides a concise overview of Madibeng Local Municipality's budget from all of the major financial perspectives (operating, capital expenditure, financial position, cash flow, and MFMA funding compliance).
2. The table provides an overview of the amounts approved by Council for operating performance, resources deployed to capital expenditure, financial position, cash and funding compliance, as well as the municipality's commitment to eliminating basic service delivery backlogs.
3. Financial management reforms emphasises the importance of the municipal budget being funded. This requires the simultaneous assessment of the Financial Performance, Financial Position and Cash Flow Budgets, along with the Capital Budget. The Budget Summary provides the key information in this regard:
 - a. The operating surplus/deficit (after Total Expenditure) is positive over the MTREF
 - b. Capital expenditure is balanced by capital funding sources, of which
 - i. Transfers recognised is reflected in the Financial Performance Budget;
 - ii. Borrowing is incorporated in the net cash from financing in the Cash Flow Budget
 - iii. Internally generated funds are financed from a combination of the current operating surplus and accumulated cash-backed surpluses from previous years. The amount is incorporated in the Net cash from investing in the Cash Flow Budget. The fact that the municipality's cash flow remains positive, and is improving indicates that the necessary cash resources are available to fund the Capital Budget.

4. The Cash backing/surplus reconciliation shows that in previous financial years the municipality was not paying much attention to managing this aspect of its finances, and consequently many of its obligations were not cash-backed. This has placed the municipality in a very vulnerable financial position. Consequently Council has taken a deliberate decision to ensure adequate cash-backing for all material obligations.
5. Even though the Council is placing great emphasis on securing the financial sustainability of the municipality, this is not being done at the expense of services to the poor. The section of Free Services shows that the amount spent on Free Basic Services and the revenue cost of free services provided by the municipality continues to increase. In addition, the municipality continues to make progress in addressing service delivery backlogs.

(Table A2) - Budgeted Financial Performance (revenue and expenditure by standard classification)

Standard Classification Description	Ref	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
R thousand	1									
Revenue - Standard										
Governance and administration		517 944	499 023	676 712	565 753	565 755	565 755	669 048	805 738	920 267
Executive and council		87 268	41 344	205 966	–	–	–	–	–	–
Budget and treasury office		412 331	457 482	469 697	563 701	563 703	563 703	667 010	803 698	918 225
Corporate services		18 345	198	1 048	2 052	2 052	2 052	2 038	2 040	2 042
Community and public safety		21 197	4 294	7 232	12 151	12 259	12 259	16 535	14 839	17 882
Community and social services		1 301	1 261	3 272	1 112	1 112	1 112	872	919	969
Sport and recreation		398	282	703	55	55	55	85	89	94
Public safety		7 547	772	1 913	9 592	9 594	9 594	14 033	12 191	15 060
Housing		11 861	1 980	1 343	1 392	1 498	1 498	1 546	1 640	1 759
Health		91	–	–	–	–	–	–	–	–
Economic and environmental services		16 110	18 463	86 194	–	24	24	–	–	–
Planning and development		403	280	710	–	–	–	–	–	–
Road transport		15 281	18 183	85 484	–	24	24	–	–	–
Environmental protection		426	–	–	–	–	–	–	–	–
Trading services		376 255	366 743	596 296	603 169	603 955	603 955	533 841	572 332	610 361
Electricity		242 292	264 831	343 081	399 797	400 234	400 234	386 699	416 119	448 605
Water		79 426	48 324	168 102	129 291	129 341	129 341	96 653	103 612	105 990
Waste water management		26 901	26 571	48 382	43 071	43 071	43 071	21 792	22 969	24 210
Waste management		27 635	27 017	36 731	31 010	31 310	31 310	28 697	29 631	31 556
Other	4	163	4	2	183	180	180	30	31	33

Total Revenue - Standard	2	931 668	888 528	1 366 437	1 181 256	1 182 173	1 182 173	1 219 454	1 392 940	1 548 543
Expenditure - Standard										
Governance and administration		403 533	375 614	364 607	431 122	432 211	432 211	453 435	498 894	569 179
Executive and council		58 314	47 605	53 527	60 567	63 950	63 950	69 233	82 957	95 895
Budget and treasury office		284 947	287 466	279 289	317 605	309 142	309 142	323 301	344 764	396 345
Corporate services		60 271	40 543	31 790	52 951	59 118	59 118	60 900	71 173	76 939
Community and public safety		120 825	98 263	109 281	118 531	128 335	128 335	139 846	155 830	173 100
Community and social services		23 555	21 539	22 718	18 388	19 454	19 454	21 687	25 672	28 907
Sport and recreation		10 690	10 751	11 187	12 738	12 642	12 642	13 130	14 887	17 395
Public safety		45 748	38 934	43 815	54 405	64 766	64 766	70 137	78 727	85 967
Housing		32 643	18 789	22 734	26 110	24 226	24 226	26 901	29 190	32 011
Health		8 188	8 248	8 827	6 890	7 246	7 246	7 991	7 354	8 820
Economic and environmental services		52 627	43 101	49 248	46 472	44 715	44 715	48 282	62 233	80 242
Planning and development		4 417	4 629	5 849	–	–	–	–	–	–
Road transport		46 277	36 950	41 834	44 926	43 139	43 139	45 670	59 539	75 465
Environmental protection		1 932	1 522	1 564	1 546	1 576	1 576	2 612	2 694	4 777
Trading services		371 832	397 571	442 834	573 346	567 809	567 809	566 339	662 416	711 711
Electricity		210 720	286 900	310 096	339 010	343 927	343 927	366 941	433 827	473 796
Water		104 499	64 126	83 945	172 152	155 024	155 024	135 718	159 480	163 827
Waste water management		17 676	12 126	12 248	26 089	22 518	22 518	11 175	13 119	15 202
Waste management		38 938	34 418	36 544	36 095	46 339	46 339	52 506	55 991	58 886
Other	4	6 998	1 673	858	11 709	9 027	9 027	11 552	13 086	13 586
Total Expenditure - Standard	3	955 813	916 221	966 827	1 181 180	1 182 097	1 182 097	1 219 454	1 392 458	1 547 818
Surplus/(Deficit) for the year		(24 145)	(27 694)	399 609	76	76	76	0	482	725

1. Table A2 is a view of the budgeted financial performance in relation to revenue and expenditure per standard classification. The modified GFS standard classification divides the municipal services into 15 functional areas. Municipal revenue, operating expenditure and capital expenditure are then classified in terms of each of these functional areas which enables the National Treasury to compile 'whole of government' reports.
2. Note the Total Revenue in this table excludes capital revenues and therefore will not balance to the operating revenue which includes capital transfers shown in Table A4.
3. Note that as a general principle the revenues for the Trading Services should exceed their expenditures. The table highlights that this is not the case, because the equitable share is not included in the revenue of the services. As already noted above, the tariffs of Madibeng Local Municipality is not cost reflective.

4. Other functions that show a deficit between revenue and expenditure are being financed from rates revenues and other revenue sources reflected under the Budget and Treasury office.

(Table A3) - Budgeted Financial Performance (revenue and expenditure by municipal vote)

Vote Description R thousand	Ref	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Revenue by Vote	1									
Vote 01 - Executive Council		-	-	-	-	-	-	-	-	-
Vote 02 - Municipal Manager		87 268	41 344	205 966	-	-	-	-	-	-
Vote 03 - Chief Operating Officer		-	-	-	-	-	-	-	-	-
Vote 04 - Corporate And Support Services		18 345	198	1 048	2 052	2 052	2 052	2 038	2 040	2 042
Vote 05 - Budget And Treasury Office		412 331	457 482	469 697	563 701	563 703	563 703	667 010	803 698	918 225
Vote 06 - Infrastructure And Technical Services		352 610	345 612	631 023	572 159	572 669	572 669	505 144	542 701	578 805
Vote 07 - Community Services		49 069	41 834	56 858	32 122	32 422	32 422	29 569	30 550	32 525
Vote 08 - Human Settlement		11 883	2 054	1 841	1 392	1 498	1 498	1 546	1 640	1 759
Vote 09 - Economic Dev,tourism & Agric		163	4	2	183	180	180	30	31	33
Vote 10 - Public Safety		-	-	-	9 647	9 649	9 649	14 117	12 280	15 154
Total Revenue by Vote	2	931 668	888 528	1 366 437	1 181 256	1 182 173	1 182 173	1 219 454	1 392 940	1 548 543
Expenditure by Vote, to be appropriated	1									
Vote 01 - Executive Council		46 924	34 864	36 006	30 880	34 274	34 274	31 993	33 637	35 291
Vote 02 - Municipal Manager		10 021	11 627	16 601	28 144	27 297	27 297	34 994	46 959	58 011
Vote 03 - Chief Operating Officer		1 369	1 113	920	1 543	2 380	2 380	2 247	2 362	2 593
Vote 04 - Corporate And Support Services		60 271	40 543	31 790	52 951	59 118	59 118	60 900	71 173	76 939
Vote 05 - Budget And Treasury Office		284 947	287 466	279 289	317 605	309 142	309 142	323 301	344 764	396 345
Vote 06 - Infrastructure And Technical Services		374 171	394 854	442 120	570 416	554 721	554 721	545 351	646 107	703 913
Vote 07 - Community Services		134 053	120 662	130 660	67 791	77 256	77 256	90 957	104 213	116 947
Vote 08 - Human Settlement		37 060	23 418	28 583	26 110	24 226	24 226	26 901	29 190	32 011
Vote 09 - Economic Dev,tourism & Agric		6 998	1 673	858	11 709	9 027	9 027	11 552	13 086	13 586
Vote 10 - Public Safety		-	-	-	74 033	84 655	84 655	91 258	100 968	112 182
Total Expenditure by Vote	2	955 813	916 221	966 827	1 181 180	1 182 097	1 182 097	1 219 454	1 392 458	1 547 818
Surplus/(Deficit) for the year	2	(24 145)	(27 694)	399 609	76	76	76	0	482	725

(Table A4) - Budgeted Financial Performance (revenue and expenditure)

Description R thousand	Ref	2009/10	2010/11	2011/12	Current Year 2012/13				2013/14 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Revenue By Source											
Property rates	2	175 620	189 594	161 345	188 020	188 020	188 020	144 692	251 231	328 670	346 418
Property rates - penalties & collection charges											
Service charges - electricity revenue	2	226 152	257 246	326 785	388 690	388 690	388 690	291 418	383 677	413 671	446 025
Service charges - water revenue	2	50 294	42 664	60 744	116 220	116 220	116 220	65 049	82 771	87 287	92 041
Service charges - sanitation revenue	2	22 718	23 547	34 366	43 050	43 050	43 050	16 228	21 780	22 957	24 197
Service charges - refuse revenue	2	19 125	20 457	22 088	25 000	25 300	25 300	18 807	23 845	25 121	26 466
Service charges - other		-	-	-	36 000	36 081	36 081	221	-	-	-
Rental of facilities and equipment		975	894	663	822	822	822	442	566	617	672
Interest earned - external investments		7 211	11 056	19 664	7 140	7 140	7 140	7 658	10 304	10 839	11 355
Interest earned - outstanding debtors		33 795	36 722	43 273	50 000	50 000	50 000	45 104	55 000	60 000	63 000
Dividends received		10	7	-	10	-	-	-	-	-	-
Fines		801	773	458	2 505	2 505	2 505	761	525	553	583
Licences and permits		3 868	4 121	5 273	3 502	3 502	3 502	3 571	4 823	5 083	5 358
Agency services		7 428	8 182	8 755	3 000	3 000	3 000	1 280	6 000	6 324	6 665

Transfers recognised - operational		289 908	274 412	669 097	289 843	289 843	289 843	215 827	327 460	388 092	481 062
Other revenue	2	93 763	18 839	13 927	22 454	23 000	23 000	18 184	51 473	43 727	44 701
Gains on disposal of PPE		–	16	–	5 000	5 000	5 000	–	–	–	–
Total Revenue (excluding capital transfers and contributions)		931 668	888 528	1 366 437	1 181 256	1 182 173	1 182 173	829 241	1 219 454	1 392 940	1 548 543
Expenditure By Type	-										
Employee related costs	2	187 823	202 975	228 321	225 204	233 589	233 589	209 225	288 400	321 934	355 280
Remuneration of councillors		14 470	15 365	19 769	24 400	26 239	26 239	19 122	24 498	25 747	27 009
Debt impairment	3	128 242	112 964	140 453	190 000	190 000	190 000	149	185 000	220 000	250 000
Depreciation & asset impairment	2	39 461	37 849	37 964	40 396	40 396	40 396	21 796	40 400	50 000	60 000
Finance charges		57 324	63 216	64 292	38 000	23 600	23 600	51 580	10 000	30 000	40 000
Bulk purchases	2	217 637	290 970	317 871	400 054	364 228	364 228	312 821	366 000	445 000	484 300
Other materials	8	21 432	12 243	16 595	46 256	47 299	47 299	22 877	36 215	53 138	74 964
Contracted services		54 701	47 525	43 319	83 410	101 230	101 230	62 204	114 550	113 204	103 756
Transfers and grants		6 837	8 430	9 561	15 000	15 000	15 000	1 845	16 000	19 816	25 512
Other expenditure	4, 5	227 887	124 684	88 683	118 461	140 516	140 516	74 578	138 391	113 619	126 996
Loss on disposal of PPE											
Total Expenditure		955 813	916 221	966 827	1 181 180	1 182 097	1 182 097	776 198	1 219 454	1 392 458	1 547 818
Surplus/(Deficit)		(24 145)	(27 694)	399 609	76	76	76	53 044	0	482	725
Transfers recognised - capital											
Contributions recognised - capital	6	–	–	–	–	–	–	–	–	–	–
Contributed assets											
Surplus/(Deficit) after capital transfers & contributions		(24 145)	(27 694)	399 609	76	76	76	53 044	0	482	725
Taxation											
Surplus/(Deficit) after taxation		(24 145)	(27 694)	399 609	76	76	76	53 044	0	482	725
Attributable to minorities		–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) attributable to municipality		(24 145)	(27 694)	399 609	76	76	76	53 044	0	482	725
Share of surplus/ (deficit) of associate	7										
Surplus/(Deficit) for the year		(24 145)	(27 694)	399 609	76	76	76	53 044	0	482	725

1. Revenue to be generated from property rates is R251.2m in the 2013/14 financial year and increases to R266.7m by 2014/15 and increase to R281.0m by 2015/16. Tariff increases have been factored in at 5.6%, 54.% and 5.4% for each of the respective financial years of the MTREF.
2. Services charges relating to electricity, water, sanitation and refuse removal constitutes the biggest component of the revenue base of the Madibeng Local Municipality totalling R508.7m for the 2013/14 financial year and increasing to R546.1m by 2014/15. This growth can mainly be attributed to the increase in tariffs in order to move to cost reflective tariffs.
3. Transfers recognised – operating includes the local government equitable share and other operating grants from national and provincial government. It needs to be noted that in real terms the grants receipts from national government are growing steadily over the MTREF .
4. Employee related costs and bulk purchases are the main cost drivers within the municipality and alternative operational gains and efficiencies will have to be identified to lessen the impact of wage and bulk tariff increases in future years.

(Table A5) - Budgeted Capital Expenditure by vote, standard classification and funding source

Vote Description	Ref	2009/10	2010/11	2011/12	Current Year 2012/13	2013/14 Medium Term Revenue & Expenditure Framework
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R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Capital expenditure - Vote											
<u>Multi-year expenditure to be appropriated</u>	2										
Vote 01 - Executive Council		-	-	-	-	-	-	-	-	-	-
Vote 02 - Municipal Manager		-	-	-	-	-	-	-	-	-	-
Vote 03 - Chief Operating Officer		-	-	-	-	-	-	-	-	-	-
Vote 04 - Corporate And Support Services		-	-	-	-	-	-	-	-	-	-
Vote 05 - Budget And Treasury Office		-	-	-	-	-	-	-	-	-	-
Vote 06 - Infrastructure And Technical Services		-	-	-	-	-	-	-	-	-	-
Vote 07 - Community Services		-	-	-	-	-	-	-	-	-	-
Vote 08 - Human Settlement		-	-	-	-	-	-	-	-	-	-
Vote 09 - Economic Dev,tourism & Agric		-	-	-	-	-	-	-	-	-	-
Vote 10 - Public Safety		-	-	-	-	-	-	-	-	-	-
Capital multi-year expenditure sub-total	7	-	-	-	-	-	-	-	-	-	-
<u>Single-year expenditure to be appropriated</u>	2										
Vote 01 - Executive Council		2	-	-	-	82	82	44	-	-	-
Vote 02 - Municipal Manager		-	-	-	-	-	-	-	-	-	-
Vote 03 - Chief Operating Officer		-	-	-	-	-	-	-	-	-	-
Vote 04 - Corporate And Support Services		3	701	484	-	-	-	-	-	-	-
Vote 05 - Budget And Treasury Office		448	14	958	-	1 022	1 022	784	-	-	-
Vote 06 - Infrastructure And Technical Services		82 982	47 265	219 202	192 100	257 009	257 009	118 142	159 656	243 678	279 911
Vote 07 - Community Services		7 232	2 167	9 511	18 400	11 010	11 010	2 632	62 300	7 700	-
Vote 08 - Human Settlement		-	-	-	-	-	-	-	-	-	-
Vote 09 - Economic Dev,tourism & Agric		-	16	391	-	4 113	4 113	1 548	-	-	-
Vote 10 - Public Safety		-	852	1 401	-	5 982	5 982	1 452	-	-	-
Capital single-year expenditure sub-total		90 666	51 016	231 946	210 500	279 217	279 217	124 603	221 956	251 378	279 911
Total Capital Expenditure - Vote		90 666	51 016	231 946	210 500	279 217	279 217	124 603	221 956	251 378	279 911
Capital Expenditure - Standard											
<i>Governance and administration</i>		453	716	1 441	-	1 111	1 111	924	-	-	-
Executive and council		2	-	-	-	89	89	80	-	-	-
Budget and treasury office		448	14	958	-	1 022	1 022	844	-	-	-
Corporate services		3	701	484	-	-	-	-	-	-	-
<i>Community and public safety</i>		7 232	2 167	10 652	18 400	16 992	16 992	5 481	62 300	7 700	-
Community and social services		7 180	1 644	4 102	7 300	2 700	2 700	196	12 500	3 000	-
Sport and recreation		52	524	5 409	7 200	2 900	2 900	309	28 450	4 700	-
Public safety		-	-	1 141	3 900	11 392	11 392	4 976	21 350	-	-
Housing		-	-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		26 925	6 922	79 302	74 500	63 180	63 180	44 312	57 050	88 500	101 500
Planning and development		-	128	453	-	-	-	-	-	-	-
Road transport		26 925	6 794	78 849	74 500	63 180	63 180	44 312	57 050	88 500	101 500
Environmental protection		-	-	-	-	-	-	-	-	-	-
<i>Trading services</i>		56 057	41 211	140 551	117 600	193 812	193 812	110 206	102 606	155 178	178 411
Electricity		4 877	10 770	15 381	7 600	15 200	15 200	8 131	3 000	14 000	35 000
Water		49 457	13 106	98 243	80 500	138 717	138 717	89 247	58 606	82 178	98 411
Waste water management		196	11 464	16 662	19 500	33 085	33 085	12 584	30 500	45 000	45 000
Waste management		1 527	5 872	10 265	10 000	6 810	6 810	244	10 500	14 000	-
<i>Other</i>		-	-	-	-	4 123	4 123	1 773	-	-	-
Total Capital Expenditure - Standard	3	90 666	51 016	231 946	210 500	279 217	279 217	162 696	221 956	251 378	279 911
Funded by:											
National Government		72 392	50 199	213 248	205 000	209 881	209 881	124 603	221 956	251 378	279 911
Provincial Government		10 051	308	237	-	-	-	-	-	-	-
District Municipality		4	-	-	-	-	-	-	-	-	-
Other transfers and grants		8 219	509	18 462	-	69 336	69 336	-	-	-	-
Transfers recognised - capital	4	90 666	51 016	231 946	205 000	279 217	279 217	124 603	221 956	251 378	279 911
Public contributions & donations	5	-	-	-	-	-	-	-	-	-	-

Borrowing	6	-	-	-	-	-	-	-	-	-	-
Internally generated funds		-	-	-	5 500	-	-	-	-	-	-
Total Capital Funding	7	90 666	51 016	231 946	210 500	279 217	279 217	124 603	221 956	251 378	279 911

1. Table A5 is a breakdown of the capital programme in relation to capital expenditure by municipal vote (multi-year and single-year appropriations); capital expenditure by standard classification; and the funding sources necessary to fund the capital budget, including information on capital transfers from national and provincial departments.
2. The MFMA provides that a municipality may approve multi-year or single-year capital budget appropriations. In relation to multi-year appropriations, for 2013/14 R221.9m has been allocated. The allocation for the two outer years are R251.3m in 2014/15 and then flattens out to R279.9m in 2015/16 owing primarily to the fact that various projects reach completion in.

(Table A6) - Budgeted Financial Position

Description	Ref	2009/10	2010/11	2011/12	Current Year 2012/13				2013/14 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
R thousand											
ASSETS											
Current assets											
Cash		58 268	78 725	39 369	50 000	50 000	50 000	-	40 000	45 000	50 000
Call investment deposits	1	-	103 830	61 748	189 533	61 748	61 748	-	50 000	55 000	60 000
Consumer debtors	1	198 532	210 455	250 460	210 000	234 859	234 859	-	250 900	241 000	231 500
Other debtors		5 732	134	123	7 000	7 000	7 000	-	7 385	7 791	7 791
Current portion of long-term receivables		-	-	1 689	-	-	-	-	-	-	-
Inventory	2	4 783	3 603	4 917	6 000	6 000	6 000	-	6 330	6 678	6 878
Total current assets		267 315	396 746	358 306	462 533	359 607	359 607	-	354 615	355 469	356 169
Non current assets											
Long-term receivables		12 286	12 196	12 104	-	-	-	-	-	-	-
Investments		48 734	33 921	22 852	38 408	38 408	38 408	-	23 315	23 832	23 932
Investment property		-	90 759	91 249	-	-	-	-	92 000	92 500	93 000
Investment in Associate		-	-	-	-	-	-	-	-	-	-
Property, plant and equipment	3	1 438 586	1 409 836	1 598 080	1 608 000	1 598 080	1 598 080	-	1 700 000	1 740 000	1 785 000
Agricultural		-	-	-	-	-	-	-	-	-	-
Biological		-	-	-	-	-	-	-	-	-	-
Intangible		-	-	-	-	-	-	-	-	-	-
Other non-current assets		-	-	-	-	-	-	-	12 404	12 614	12 837
Total non current assets		1 499 606	1 546 711	1 724 285	1 646 408	1 636 488	1 636 488	-	1 827 719	1 868 946	1 914 769
TOTAL ASSETS		1 766 921	1 943 457	2 082 591	2 108 941	1 996 094	1 996 094	-	2 182 334	2 224 415	2 270 938
LIABILITIES											
Current liabilities	-										
Bank overdraft	1	569	-	-	-	-	-	-	-	-	-
Borrowing	4	13 193	8 629	5 619	7 000	5 619	5 619	-	-	-	-
Consumer deposits		8 109	9 711	12 887	10 000	10 000	10 000	-	25 550	26 130	27 130
Trade and other payables	4	237 528	402 514	308 866	50 000	308 866	308 866	-	202 000	200 000	198 000
Provisions		-	-	-	-	-	-	-	-	-	-
Total current liabilities		259 399	420 853	327 372	67 000	324 485	324 485	-	227 550	226 130	225 130
Non current liabilities											
Borrowing		473 189	490 722	540 885	541 000	540 885	540 885	-	640 000	705 000	770 000

Provisions		70 807	97 317	101 443	–	101 443	101 443	–	100 000	101 600	19 690
Total non current liabilities		543 995	588 039	642 328	541 000	642 328	642 328	–	740 000	806 600	789 690
TOTAL LIABILITIES		803 395	1 008 893	969 700	608 000	966 813	966 813	–	967 550	1 032 730	1 014 820
NET ASSETS	5	963 526	934 564	1 112 891	1 500 941	1 029 282	1 029 282	–	1 214 784	1 191 685	1 256 118
COMMUNITY WEALTH/EQUITY											
Accumulated Surplus/(Deficit)		963 526	934 564	1 112 891	620 941	1 029 282	1 029 282		1 214 784	1 191 685	1 256 118
Reserves	4	–	–	–	880 000	–	–	–	–	–	–
Minorities' interests		–	–	–	–	–	–	–	–	–	–
TOTAL COMMUNITY WEALTH/EQUITY	5	963 526	934 564	1 112 891	1 500 941	1 029 282	1 029 282	–	1 214 784	1 191 685	1 256 118

1. Table A6 is consistent with international standards of good financial management practice, and improves understandability for councillors and management of the impact of the budget on the statement of financial position (balance sheet).
2. This format of presenting the statement of financial position is aligned to GRAP1, which is generally aligned to the international version which presents Assets less Liabilities as “accounting” Community Wealth or Equity. The order of items within each group illustrates items in order of liquidity; i.e. assets readily converted to cash, or liabilities immediately required to be met from cash, and appears first.
3. Table 23 provides a detailed analysis of the major components of a number of items, including:
 - Call investments deposits;
 - Consumer debtors;
 - Property, plant and equipment;
 - Trade and other payables;
 - Provisions non-current;
 - Changes in net assets; and
 - Reserves
4. The municipal equivalent of equity is Community Wealth/Equity. The justification is that ownership and the net assets of the municipality belong to the community.
5. Any movement on the Budgeted Financial Performance or the Capital Budget will inevitably impact on the Budgeted Financial Position. As an example, the collection rate assumption will impact on the cash position of the municipality and subsequently inform the level of cash and cash equivalents at year end. Similarly, the collection rate assumption should inform the budget appropriation for debt impairment which in turn would impact on the provision for bad debt. These budget and planning assumptions form a critical link in determining the applicability and relevance of the budget as well as the determination of ratios and financial indicators.

(Table A7) - Budgeted Cash Flows

Description	Ref	2009/10	2010/11	2011/12	Current Year 2012/13				2013/14 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
CASH FLOW FROM OPERATING ACTIVITIES											
Receipts											
Ratepayers and other		833 524	221 118	371 624	827 133	827 133	827 133	–	661 500	750 750	850 250
Government - operating	1	–	283 075	245 587	289 443	289 443	289 443	–	327 460	388 092	481 062
Government - capital	1	–	–	–	–	–	–	–	221 956	251 378	279 911
Interest		7 211	10 548	10 739	7 140	7 140	7 140		10 304	5 839	7 355
Dividends		10	7	–	10	–	–	–	–	–	–

Payments											
Suppliers and employees		(706 291)	(287 729)	(467 175)	(998 166)	(998 166)	(998 166)	–	(968 054)	(1 072 642)	(1 172 306)
Finance charges		(55 585)	(74 349)	(73 583)	(38 100)	(38 100)	(38 100)	–	(10 000)	(30 000)	(40 000)
Transfers and Grants	1	–	–	–	(20 800)	(20 800)	(20 800)	–	(16 000)	(19 816)	(25 512)
NET CASH FROM/(USED) OPERATING ACTIVITIES		78 869	152 670	87 191	66 659	66 649	66 649	–	227 166	273 601	380 759
CASH FLOWS FROM INVESTING ACTIVITIES											
Receipts											
Proceeds on disposal of PPE		(90 666)	(55 957)	(226 070)	5 000	5 000	5 000	–	–	–	–
Decrease (Increase) in non-current debtors		–	116	102	–	–	–	–	–	–	–
Decrease (increase) other non-current receivables		–	–	(1 689)	–	–	–	–	–	–	–
Decrease (increase) in non-current investments		(3 071)	(88 459)	54 317	20 000	20 000	20 000	–	60 100	60 261	61 000
Payments											
Capital assets		–	–	–	–	–	–	–	(221 956)	(251 378)	(279 911)
NET CASH FROM/(USED) INVESTING ACTIVITIES		(93 737)	(144 300)	(173 340)	25 000	25 000	25 000	–	(161 856)	(191 118)	(218 911)
CASH FLOWS FROM FINANCING ACTIVITIES											
Receipts											
Short term loans		–	–	–	–	–	–	–	–	–	–
Borrowing long term/refinancing		–	–	–	–	–	–	–	–	–	–
Increase (decrease) in consumer deposits		–	–	–	(8 500)	(8 500)	(8 500)	–	(8 968)	(9 461)	(9 961)
Payments											
Repayment of borrowing		60 461	12 656	46 792	(40 000)	(40 000)	(40 000)	–	(13 743)	(24 550)	(34 201)
NET CASH FROM/(USED) FINANCING ACTIVITIES		60 461	12 656	46 792	(48 500)	(48 500)	(48 500)	–	(22 710)	(34 011)	(44 162)
NET INCREASE/(DECREASE) IN CASH HELD		45 593	21 026	(39 356)	43 159	43 149	43 149	–	42 599	48 473	117 686
Cash/cash equivalents at the year begin:	2	12 106	57 699	78 725	10 000	10 000	10 000	10 000	53 159	95 759	144 232
Cash/cash equivalents at the year end:	2	57 699	78 725	39 369	53 159	53 149	53 149	10 000	95 759	144 232	261 918

(Table A8) - Cash Backed Reserves/Accumulated Surplus Reconciliation

Description	Ref	2009/10	2010/11	2011/12	Current Year 2012/13				2013/14 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
R thousand											
<u>Cash and investments available</u>											
Cash/cash equivalents at the year end	1	57 699	78 725	39 369	53 159	53 149	53 149	10 000	95 759	144 232	261 918
Other current investments > 90 days		–	103 830	61 748	186 374	58 598	58 598	(10 000)	(5 759)	(44 232)	(151 918)
Non current assets - Investments	1	48 734	33 921	22 852	38 408	38 408	38 408	–	23 315	23 832	23 932
Cash and investments available:		106 433	216 475	123 969	277 941	150 156	150 156	–	113 315	123 832	133 932
<u>Application of cash and investments</u>											
Unspent conditional transfers		11 647	113 138	75 378	–	75 378	75 378	–	–	–	–
Unspent borrowing		–	–	–	–	–	–	–	–	–	–
Statutory requirements	2										
Other working capital requirements	3	(58 577)	187 147	89 436	(154 134)	6 208	6 208	–	8 218	12 094	5 355
Other provisions											
Long term investments committed	4	–	–	–	–	–	–	–	–	–	–
Reserves to be backed by cash/investments	5	–	–	–	–	–	–	–	–	–	–
Total Application of cash and investments:		(46 930)	300 285	164 814	(154 134)	81 586	81 586	–	8 218	12 094	5 355
Surplus(shortfall)		153 363	(83 810)	(40 845)	432 075	68 570	68 570	–	105 097	111 738	128 577

References

1. Must reconcile with Budgeted Cash Flows

2. For example: VAT, taxation

3. Council approval for policy required - include sufficient working capital (e.g. allowing for a % of current debtors > 90 days as uncollectable)

4. For example: sinking fund requirements for borrowing

5. Council approval required for each reserve created and basis of cash backing of reserves

Other working capital requirements

Debtors	284 458	81 690	144 052	204 134	227 280	227 280	–	193 782	187 906	192 645
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Creditors due	225 881	268 837	233 488	50 000	233 488	233 488	–	202 000	200 000	198 000
Total	58 577	(187 147)	(89 436)	154 134	(6 208)	(6 208)	–	(8 218)	(12 094)	(5 355)
<u>Debtors collection assumptions</u>										
Balance outstanding - debtors	216 550	222 785	262 687	217 000	241 859	241 859	–	258 285	248 791	239 291
Estimate of debtors collection rate	131%	37%	55%	94%	94%	94%	0%	75%	76%	81%
<u>Long term investments committed</u>										
Balance (Insert description: eg sinking fund)										
	–	–	–	–	–	–	–	–	–	–
<u>Reserves to be backed by cash/investments</u>										
Housing Development Fund	–	–	–	–	–	–	–	–	–	–
Capital replacement										
Self-insurance										
Other (list)										
	–	–	–	–	–	–	–	–	–	–

1. The cash backed reserves/accumulated surplus reconciliation is aligned to the requirements of MFMA Circular 42 – Funding a Municipal Budget.
2. In essence the table evaluates the funding levels of the budget by firstly forecasting the cash and investments at year end and secondly reconciling the available funding to the liabilities/commitments that exist.
3. The outcome of this exercise would either be a surplus or deficit. A deficit would indicate that the applications exceed the cash and investments available and would be indicative of non-compliance with the MFMA requirements that the municipality's budget must be "funded".
4. Non-compliance with section 18 of the MFMA is assumed because a shortfall would indirectly indicate that the annual budget is not appropriately funded.
5. Considering the requirements of section 18 of the MFMA, it can be concluded that the adopted 2013/14 MTREF was funded owing to the significant surplus.
6. As part of the budgeting and planning guidelines that informed the compilation of the 2013/14 MTREF the end objective of the medium term framework was to ensure the budget is funded in alignment to section 18 of the MFMA.

(Table A9) - Asset Management

Description	Ref	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
R thousand										
CAPITAL EXPENDITURE										
<u>Total New Assets</u>	1	90 666	51 016	231 946	210 500	277 117	277 117	221 956	251 378	267 911
Infrastructure - Road transport		2 376	5 942	78 014	74 500	61 080	61 080	57 050	88 500	89 500
Infrastructure - Electricity		4 877	10 770	15 381	7 600	13 700	13 700	3 000	14 000	35 000
Infrastructure - Water		49 653	24 569	114 793	100 000	173 302	173 302	89 106	127 178	143 411
Infrastructure - Sanitation		–	–	–	–	–	–	–	–	–
Infrastructure - Other		1 527	5 872	10 265	10 000	7 810	7 810	7 500	14 000	–
Infrastructure		58 433	47 153	218 453	192 100	255 892	255 892	156 656	243 678	267 911
Community		6 928	3 019	8 979	18 400	15 992	15 992	65 300	7 700	–

Heritage assets		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Other assets	6	25 305	844	4 514	-	5 234	5 234	-	-	-
Agricultural Assets		-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-
Intangibles		-	-	-	-	-	-	-	-	-
Total Renewal of Existing Assets	2	-	-	-	-	2 100	2 100	-	-	12 000
Infrastructure - Road transport		-	-	-	-	-	-	-	-	-
Infrastructure - Electricity		-	-	-	-	-	-	-	-	-
Infrastructure - Water		-	-	-	-	2 100	2 100	-	-	-
Infrastructure - Sanitation		-	-	-	-	-	-	-	-	-
Infrastructure - Other		-	-	-	-	-	-	-	-	-
Infrastructure	-	-	-	-	-	2 100	2 100	-	-	-
Community	-	-	-	-	-	-	-	-	-	12 000
Heritage assets	-	-	-	-	-	-	-	-	-	-
Investment properties	-	-	-	-	-	-	-	-	-	-
Other assets	6	-	-	-	-	-	-	-	-	-
Agricultural Assets		-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-
Intangibles		-	-	-	-	-	-	-	-	-
Total Capital Expenditure	4									
Infrastructure - Road transport		2 376	5 942	78 014	74 500	61 080	61 080	57 050	88 500	89 500
Infrastructure - Electricity		4 877	10 770	15 381	7 600	13 700	13 700	3 000	14 000	35 000
Infrastructure - Water		49 653	24 569	114 793	100 000	175 402	175 402	89 106	127 178	143 411
Infrastructure - Sanitation		-	-	-	-	-	-	-	-	-
Infrastructure - Other		1 527	5 872	10 265	10 000	7 810	7 810	7 500	14 000	-
Infrastructure		58 433	47 153	218 453	192 100	257 992	257 992	156 656	243 678	267 911
Community		6 928	3 019	8 979	18 400	15 992	15 992	65 300	7 700	12 000
Heritage assets		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Other assets		25 305	844	4 514	-	5 234	5 234	-	-	-
Agricultural Assets		-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-
Intangibles		-	-	-	-	-	-	-	-	-
TOTAL CAPITAL EXPENDITURE - Asset class	2	90 666	51 016	231 946	210 500	279 217	279 217	221 956	251 378	279 911
ASSET REGISTER SUMMARY - PPE (WDV)	5									
Infrastructure - Road transport										
Infrastructure - Electricity										
Infrastructure - Water										
Infrastructure - Sanitation										
Infrastructure - Other		1 105 148	1 090 107	1 281 059	1 290 979	1 281 059	1 281 059	1 382 979	1 422 979	1 467 979
Infrastructure		1 105 148	1 090 107	1 281 059	1 290 979	1 281 059	1 281 059	1 382 979	1 422 979	1 467 979
Community		232 734	227 215	227 215	227 215	227 215	227 215	227 215	227 215	227 215
Heritage assets		10	10	10	10	10	10	10	10	10
Investment properties		-	90 759	91 249	-	-	-	92 000	92 500	93 000
Other assets		100 694	92 504	89 797	89 797	89 797	89 797	89 797	89 797	89 797

Agricultural Assets		-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-
Intangibles		-	-	-	-	-	-	-	-	-
TOTAL ASSET REGISTER SUMMARY - PPE (WDV)	5	1 438 586	1 500 595	1 689 329	1 608 000	1 598 080	1 598 080	1 792 000	1 832 500	1 878 000
EXPENDITURE OTHER ITEMS										
<u>Depreciation & asset impairment</u>		39 461	37 849	37 964	40 396	40 396	40 396	40 400	50 000	60 000
<u>Repairs and Maintenance by Asset Class</u>		21 432	12 243	16 595	46 256	47 299	47 299	36 215	53 138	74 964
Infrastructure - Road transport		7 145	1 956	2 310	9 550	9 450	9 450	5 550	10 273	17 048
Infrastructure - Electricity		4 171	3 538	5 012	10 580	10 780	10 780	12 500	16 500	20 551
Infrastructure - Water		2 965	2 475	4 698	5 600	9 257	9 257	3 600	4 892	6 896
Infrastructure - Sanitation		1 648	1 565	656	3 450	3 450	3 450	2 000	2 420	3 941
Infrastructure - Other		-	-	-	1 000	1 600	1 600	700	705	1 036
Infrastructure		15 929	9 535	12 675	30 180	34 537	34 537	24 350	34 791	49 473
Community		945	563	854	2 035	2 610	2 610	2 400	2 522	2 642
Heritage assets		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Other assets	6, 7	4 559	2 145	3 066	14 041	10 152	10 152	9 465	15 825	22 850
TOTAL EXPENDITURE OTHER ITEMS		60 893	50 092	54 559	86 651	87 695	87 695	76 615	103 138	134 964
<i>Renewal of Existing Assets as % of total capex</i>		0.0%	0.0%	0.0%	0.0%	0.8%	0.8%	0.0%	0.0%	4.3%
<i>Renewal of Existing Assets as % of deprecn"</i>		0.0%	0.0%	0.0%	0.0%	5.2%	5.2%	0.0%	0.0%	20.0%
<i>R&M as a % of PPE</i>		1.5%	0.9%	1.0%	2.9%	3.0%	3.0%	2.1%	3.1%	4.2%
<i>Renewal and R&M as a % of PPE</i>		1.0%	1.0%	1.0%	3.0%	3.0%	3.0%	2.0%	3.0%	5.0%

(Table A10) - Basic service delivery measurement

Description	Ref	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
		Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Household service targets	1									
<u>Water:</u>										
Piped water inside dwelling		53 500	53 500	61 500	70 500	-	-	35 662	35 662	35 662
Piped water inside yard (but not in dwelling)		29 000	32 500	46 500	49 500	95 280	95 280	73 520	73 520	73 520
Using public tap (at least min.service level)	2	17 500	17 500	24 500	29 500	4 880	4 880	4 880	4 880	4 880
Other water supply (at least min.service level)	4					-	-	-	-	-
<i>Minimum Service Level and Above sub-total</i>		100 000	103 500	132 500	149 500	100 160	100 160	114 062	114 062	114 062
Using public tap (< min.service level)	3	17 500	17 500	24 500	29 500	29 500	29 500	27 600	27 600	27 600
Other water supply (< min.service level)	4					-	-	-	-	-
No water supply						-	-	23 942	23 942	23 942
<i>Below Minimum Service Level sub-total</i>		17 500	17 500	24 500	29 500	29 500	29 500	51 542	51 542	51 542
Total number of households	5	117 500	121 000	157 000	179 000	129 660	129 660	165 604	165 604	165 604
<u>Sanitation/sewerage:</u>										
Flush toilet (connected to sewerage)		42 763	50 000	67 000	80 000	44 405	44 405	43 663	43 663	43 663
Flush toilet (with septic tank)						2 444	2 444	7 875	7 875	7 875
Chemical toilet		9 500	9 572	11 720	15 000	-	-	1 576	1 576	1 576
Pit toilet (ventilated)		40 428	40 428	47 428	50 000	11 735	11 735	91 966	91 966	91 966
Other toilet provisions (> min.service level)						37 123	37 123	3 274	3 274	3 274
<i>Minimum Service Level and Above sub-total</i>		92 691	100 000	126 148	145 000	95 707	95 707	148 354	148 354	148 354
Bucket toilet		40 428	40 428	47 428	50 000	50 000	50 000	3 049	3 049	3 049
Other toilet provisions (< min.service level)						-	-	-	-	-
No toilet provisions						-	-	9 321	9 321	9 321

<i>Below Minimum Service Level sub-total</i>			40 428	40 428	47 428	50 000	50 000	50 000	12 370	12 370	12 370
Total number of households		5	133 119	140 428	173 576	195 000	145 707	145 707	160 724	160 724	160 724
<u>Energy:</u>											
Electricity (at least min.service level)			23 742	26 800	39 000		65 000	65 000	130 164	130 164	130 164
Electricity - prepaid (min.service level)						45 000	–	–	3 400	3 400	3 400
<i>Minimum Service Level and Above sub-total</i>			23 742	26 800	39 000	45 000	65 000	65 000	133 564	133 564	133 564
Electricity (< min.service level)			23 742	26 800	39 000	45 000	45 000	45 000			
Electricity - prepaid (< min. service level)						–	–	–	–	–	–
Other energy sources						–	–	–	29 983	29 983	29 983
<i>Below Minimum Service Level sub-total</i>			23 742	26 800	39 000	45 000	45 000	45 000	29 983	29 983	29 983
Total number of households		5	47 484	53 600	78 000	90 000	110 000	110 000	163 547	163 547	163 547
<u>Refuse:</u>											
Removed at least once a week			–	–	47 506	–	47 506	47 506	41 364	41 364	41 364
<i>Minimum Service Level and Above sub-total</i>			–	–	47 506	–	47 506	47 506	41 364	41 364	41 364
Removed less frequently than once a week				29 374	29 374	29 374	29 374	29 374	2 100	2 100	2 100
Using communal refuse dump						–	–	–	4 553	4 553	4 553
Using own refuse dump						–	–	–	96 144	96 144	96 144
Other rubbish disposal						–	–	–	1 763	1 763	1 763
No rubbish disposal						–	–	–	14 800	14 800	14 800
<i>Below Minimum Service Level sub-total</i>			–	29 374	29 374	29 374	29 374	29 374	119 360	119 360	119 360
Total number of households		5	–	29 374	76 880	29 374	76 880	76 880	160 724	160 724	160 724
<u>Households receiving Free Basic Service</u>		7									
Water (6 kilolitres per household per month)			–	–	28 901	–	28 901	28 901	6 000	6 500	7 000
Sanitation (free minimum level service)			–	–	5 433	–	5 433	5 433	6 000	6 500	7 000
Electricity/other energy (50kwh per household per month)			–	–	21 000	–	21 000	21 000	6 000	6 500	7 000
Refuse (removed at least once a week)			–	–	5 433	–	5 433	5 433	6 000	6 500	7 000
<u>Cost of Free Basic Services provided (R'000)</u>		8									
Water (6 kilolitres per household per month)			5 595	5 119	5 619	5 727	957	957	469	454	515
Sanitation (free sanitation service)			1 604	1 345	1 545	1 636	65	65	175	200	227
Electricity/other energy (50kwh per household per month)			1 604	1 345	1 545	1 636			10 188	11 070	11 874
Refuse (removed once a week)			1 604	1 345	1 545	1 636			2 965	3 385	3 612
Total cost of FBS provided (minimum social package)			10 407	9 154	10 254	10 635	1 022	1 022	13 797	15 109	16 228
<u>Highest level of free service provided</u>											
Property rates (R value threshold)											
Water (kilolitres per household per month)											
Sanitation (kilolitres per household per month)											
Sanitation (Rand per household per month)											
Electricity (kwh per household per month)											
Refuse (average litres per week)											
<u>Revenue cost of free services provided (R'000)</u>		9									
Property rates (R15 000 threshold rebate)									717	717	717
Property rates (other exemptions, reductions and rebates)				23 620	28 620	29 700	29 700	29 700	60 600		
Water			5 595	5 119	5 619	5 727	5 727	5 727	469	454	515
Sanitation			1 604	1 345	1 545	1 636	1 636	1 636	175	200	227
Electricity/other energy			1 604	1 345	1 545	1 636	1 636	1 636	10 188	11 070	11 874
Refuse			1 604	1 345	1 545	1 636	1 636	1 636	2 965	3 385	3 612
Municipal Housing - rental rebates											
Housing - top structure subsidies											
Other											
Total revenue cost of free services provided (total social package)		6	10 407	32 774	38 874	40 335	40 335	40 335	75 114	15 826	16 945

9. OVERVIEW OF THE ANNUAL BUDGET PROCESS

1.1 Overview of the annual budget process

Section 53 of the MFMA requires the Mayor of the municipality to provide general political guidance in the budget process and the setting of priorities that must guide the preparation of the budget. In addition Chapter 2 of the Municipal Budget and Reporting Regulations states that the Mayor of the municipality must establish a Budget Steering Committee to provide technical assistance to the Mayor in discharging the responsibilities set out in section 53 of the Act.

The Budget Steering Committee consists of the Municipal Manager and senior officials of the municipality meeting under the chairpersonship of the Mayor, who is also the chairperson of the Finance Committee.

The primary aims of the Budget Steering Committee is to ensure:

- ☐ that the process followed to compile the budget complies with legislation and good budget practices;
- ☐ that there is proper alignment between the policy and service delivery priorities set out in the Municipality's IDP and the budget, taking into account the need to protect the financial sustainability of municipality;
- ☐ that the municipality's revenue and tariff setting strategies ensure that the cash resources needed to deliver services are available; and
- ☐ that the various spending priorities of the different municipal departments are properly evaluated and prioritised in the allocation of resources.

1.1.1 Budget Process Overview

In terms of section 21 of the MFMA the Mayor is required to table in Council ten months before the start of the new financial year (i.e. in August 2011) a time schedule that sets out the process to revise the IDP and prepare the budget.

The Mayor tabled in Council the required the IDP and budget time schedule on 31 August 2012. Key dates applicable to the process were:

- **August 2012** – Strategic planning session of all the Councillors and Management. Aim: to review past performance trends of the capital and operating budgets, the economic realities and to set the prioritisation criteria for the compilation of the 2013/16 MTREF;
- **November 2012** – Detail departmental budget proposals (capital and operating) submitted to the Budget and Treasury Office for consolidation and assessment against the financial planning guidelines;

- **January 2013** - Review of the financial strategy and key economic and financial planning assumptions by the Budget Steering Committee. This included financial forecasting and scenario considerations;
- **26 February 2013** - Council considers the 2012/13 Mid-year Review and Adjustments Budget;
- **February 2013** - Recommendations of the Executive Committee are communicated to the Budget Steering Committee, and on to the respective departments.

The draft 2012/13 MTREF is revised accordingly;

- **22 March 2013** - Tabling in Council of the draft 2012/13 IDP and 2012/13 MTREF for public consultation;
- **April 2013** – Public consultation;
- **10 May 2013** - Closing date for written comments;
- **10 to 21 May 2013** – finalisation of the 2012/13 IDP and 2012/13 MTREF, taking into consideration comments received from the public, comments from National Treasury, and updated information from the most recent Division of Revenue Bill and financial framework; and
- **31 May 2013** - Tabling of the 2012/13 MTREF before Council for consideration and approval.

IDP and Service Delivery and Budget Implementation Plan

This is the first stage of five years term to review the IDP of the municipality. The IDP is its principal strategic planning instrument, which directly guides and informs its planning, budget, management and development actions. This framework is rolled out into objectives, key performance indicators and targets for implementation which directly inform the Service Delivery and Budget Implementation Plan. The Process Plan applicable to the first revision cycle included the following key IDP processes and deliverables:

- ☐ Registration of community needs;
- ☐ Compilation of departmental business plans including key performance indicators and targets;
- ☐ Financial planning and budgeting process;
- ☐ Public participation process;
- ☐ Compilation of the SDBIP, and
- ☐ The review of the performance management and monitoring processes

The IDP has been taken into a business and financial planning process leading up to the 2013/14 MTREF, based on the approved 2012/13 MTREF. The business planning process has subsequently been refined in the light of current economic circumstances and the resulting revenue projections.

Financial Modelling and Key Planning Drivers

As part of the compilation of the 2013/14 MTREF, extensive financial modelling was undertaken to ensure affordability and long-term financial sustainability. The following key factors and planning strategies have informed the compilation of the 2013/14 MTREF:

- ☐ Madibeng Local Municipality growth
- ☐ Policy priorities and strategic objectives
- ☐ Asset maintenance
- ☐ Economic climate and trends (i.e. inflation, Eskom increases, household debt, migration patterns)
- ☐ Performance trends
- ☐ The approved 2012/13 adjustments budget and performance against the SDBIP
- ☐ Cash Flow Management Strategy
- ☐ Debtor payment levels
- ☐ Loan and investment possibilities
- ☐ The need for tariff increases versus the ability of the community to pay for services;
- ☐ Improved and sustainable service delivery

In addition to the above, the strategic guidance given in National Treasury's MFMA Circulars 55,58 and 58 has been taken into consideration in the planning and prioritisation process.

10 . OVERVIEW OF ALIGNMENT OF ANNUAL BUDGET WITH IDP

The Constitution mandates local government with the responsibility to exercise local developmental and cooperative governance. The eradication of imbalances in South African society can only be realized through a credible integrated developmental planning process.

A municipal IDP provides a five year strategic programme of action aimed at setting short, medium and long term strategic and budget priorities to create a development platform, which correlates with the term of office of the political incumbents.

The plan aligns the resources and the capacity of a municipality to its overall development aims and guides the municipal budget. An IDP is therefore a key instrument which municipalities use to provide vision, leadership and direction to all those that have a role to play in the development of a municipal area.

In order to ensure integrated and focused service delivery between all spheres of government it was important for the Municipality to align its budget priorities with that of national and provincial government. All spheres of government place a high priority on infrastructure development, economic development and job creation, efficient service delivery, poverty alleviation and building sound institutional arrangements.

Local priorities were identified as part of the IDP review process which is directly aligned to that of the national and provincial priorities. The key performance areas can be summarised as follows against the five strategic objectives:

1. Provide water and sanitation
2. Provide Roads and storm water
3. Provide electricity
4. Land and Housing and Spatial Development
5. Social Services
6. Local Economic Development
7. Agriculture
8. Transport

The 2013/14 MTREF has therefore been directly informed by the IDP revision process and the following tables provide a reconciliation between the IDP strategic objectives and operating revenue, operating expenditure and capital expenditure.

Table SA4 - Reconciliation between the IDP strategic objectives and budgeted revenue

Table 3A4 - Reconciliation between the IDP Strategic Objectives and Budgeted Revenue												
Strategic Objective	Goal	Goal Code	Ref	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
R thousand												
Sustainable Service - Electricity	Electricity	A		242 292	264 831	343 081	399 797	400 234	400 234	386 699	416 119	448 605
Sustainable Service - Water	Water	A		79 426	48 324	168 102	129 291	129 341	129 341	96 653	103 612	105 990
Sustainable Service - Sanitation	Sanitation	A		26 901	26 571	48 382	43 071	43 071	43 071	21 792	22 969	24 210
Sustainable Service - Waste Management	Waste Management	A		27 635	27 017	36 731	31 010	31 310	31 310	28 697	29 631	31 556
Infrastructure - Cemeteries And Parks	Cemeteries And Parks	A		1 178	724	3 007	1 112	1 112	1 112	872	919	969
Infrastructure - Land And Housing	Land And Housing	A		11 861	1 980	1 343	1 392	1 498	1 498	1 546	1 640	1 759
Good Governance - Support Service	Support Service	B		18 345	198	206 536	2 052	2 052	2 052	2 038	2 040	2 042
Good Governance - Financial Management	Financial Management	B		412 331	457 482	469 697	563 701	563 703	563 703	667 010	803 698	918 225
Planning And Development	Planning And Development	B		22	74	497	-	-	-	-	-	-
Social Development - Arts, Culture, Sports And Recreation	Arts, Culture, Sports And Recreation	B		398	282	703	-	-	-	-	-	-
Safety And Security - Road Safety, Fire And Disaster, Security	Road Safety, Fire And Disaster, Security	B		12 085	13 069	15 938	9 209	9 211	9 211	14 085	12 246	15 118
Sustainable Service - Health	Health	A		91	-	-	-	-	-	-	-	-
Sustainable Service - Community And Others	Community And Others	A		7 419	747	481	621	618	618	62	65	69
Infrastructure - Roads And Stormwater	Roads And Stormwater	A		3 990	5 886	71 458	-	24	24	-	-	-
Environmental Management - Pollution	Pollution	A		426	-	-	-	-	-	-	-	-
Good Governance - Council And Public Participation	Good Governance	A		4 218	-	-	-	-	-	-	-	-
Allocations To Other Priorities				83 050	41 344	478	-	-	-	-	-	-
Total Revenue (excluding capital transfers and contributions)			1	931 668	888 528	1 366 437	1 181 256	1 182 173	1 182 173	1 219 454	1 392 940	1 548 543

NW372 Madibeng - Supporting Table SA5 Reconciliation of IDP strategic objectives and budget (operating expenditure)

Strategic Objective	Goal	Goal Code	Ref	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
R thousand												

Sustainable Service - Electricity	Electricity	A	210 720	286 900	310 096	339 010	343 927	343 927	366 941	433 827	473 796
Sustainable Service - Water	Water	A	104 499	64 126	83 945	172 152	155 024	155 024	135 718	159 480	163 827
Sustainable Service - Sanitation	Sanitation	A	17 676	12 126	12 248	26 089	22 518	22 518	11 175	13 119	15 202
Sustainable Service - Waste Management	Waste Management	A	38 938	34 418	36 544	36 095	46 339	46 339	52 506	55 991	58 886
Infrastructure - Cemeteries And Parks	Cemeteries And Parks	A	9 425	7 521	8 348	8 294	8 624	8 624	11 410	14 133	15 960
Infrastructure - Land And Housing	Land And Housing	A	33 195	19 204	23 351	26 110	24 226	24 226	26 901	29 190	32 011
Good Governance - Support Service	Support Service	B	62 355	42 641	34 316	57 479	63 970	63 970	67 978	82 577	92 761
Good Governance - Financial Management	Financial Management	B	286 753	289 391	281 814	322 862	313 540	313 540	327 709	349 451	401 204
Planning And Development	Planning And Development	B	5 325	6 089	7 452	2 753	2 373	2 373	3 430	3 536	3 712
Social Development - Arts, Culture, Sports And Recreation	Arts, Culture, Sports And Recreation	B	10 696	10 756	11 221	6 890	7 246	7 246	7 991	7 354	8 820
Safety And Security - Road Safety, Fire And Disaster, Security	Road Safety, Fire And Disaster, Security	B	32 706	30 511	33 151	69 641	78 080	78 080	87 165	102 518	114 303
Sustainable Service - Health	Health	A	8 188	8 248	8 827	–	–	–	–	–	–
Sustainable Service - Community And Others	Community And Others	A	39 164	29 357	31 863	31 066	29 072	29 072	32 083	35 577	39 968
Infrastructure - Roads And Stormwater	Roads And Stormwater	A	41 277	31 702	35 830	33 165	33 251	33 251	31 518	39 682	51 089
Environmental Management - Pollution	Pollution	A	1 932	1 522	1 564	1 546	1 576	1 576	2 612	2 694	4 777
Good Governance - Council And Public Participation	Good Governance	A	50 799	39 003	41 556	48 028	52 328	52 328	54 318	63 331	71 502

Allocations To Other Priorities				2 164	2 704	4 701	–	–	–	–	–	–
Total Expenditure			1	955 813	916 221	966 827	1 181 180	1 182 097	1 182 097	1 219 454	1 392 458	1 547 818

NW372 Madibeng - Supporting Table SA6 Reconciliation of IDP strategic objectives and budget (capital expenditure)

Strategic Objective	Goal	Goal Code	Ref	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
R thousand												
Sustainable Service - Electricity	Electricity	A		4 877	10 770	15 381	7 600	17 300	17 300	3 000	14 000	35 000
Sustainable Service - Water	Water	A		49 457	13 106	98 243	80 500	138 717	138 717	58 606	82 178	98 411
Sustainable Service - Sanitation	Sanitation	A		196	11 464	16 662	19 500	33 085	33 085	30 500	45 000	45 000
Sustainable Service - Waste Management	Waste Management	A		1 527	5 872	10 265	10 000	6 810	6 810	10 500	14 000	–
Infrastructure - Cemeteries And Parks	Cemeteries And Parks	A		6 524	724	3 879	7 300	2 700	2 700	12 500	3 000	–
Infrastructure - Land And Housing	Land And Housing	A		–	112	61	–	–	–	–	–	–
Good Governance - Support Service	Support Service	B		3	701	484	–	–	–	–	–	–
Good Governance - Financial Management	Financial Management	B		448	14	958	–	1 048	1 048	–	–	–
Planning And Development	Planning And Development	B		–	16	391	–	–	–	–	–	–
Social Development - Arts, Culture, Sports And Recreation	Arts, Culture, Sports And Recreation	B		52	524	5 409	–	–	–	–	–	–
Safety And Security - Road Safety, Fire And Disaster, Security	Road Safety, Fire And Disaster, Security	B		–	852	1 401	7 200	8 882	8 882	28 450	4 700	–
Sustainable Service - Health	Health	A		–	–	–	–	–	–	–	–	–

Sustainable Service - Community And Others	Community And Others	A		656	920	223	3 900	7 416	7 416	21 350	-	-
Infrastructure - Roads And Stormwater	Roads And Stormwater	A		26 925	5 942	78 589	74 500	63 197	63 197	57 050	88 500	101 500
Environmental Management - Pollution	Pollution	A		-	-	-	-	-	-	-	-	-
Good Governance - Council And Public Participation	Good Governance	A		2	-	-	-	63	63	-	-	-
Total Capital Expenditure			1	90 666	51 016	231 946	210 500	279 217	279 217	221 956	251 378	279 911

11. MEASURABLE PERFORMANCE OBJECTIVES AND INDICATORS

The performance of Madibeng Local Municipality relates directly to the extent to which it has achieved success in realising its goals and objectives, complied with legislative requirements and meeting stakeholder expectations. Madibeng Local Municipality therefore has adopted one integrated performance management system which encompasses:

- Planning (setting goals, objectives, targets and benchmarks);
- Monitoring (regular monitoring and checking on the progress against plan);
- Measurement (indicators of success);
- Review (identifying areas requiring change and improvement);
- Reporting (what information, to whom, from whom, how often and for what purpose); and
- Improvement (making changes where necessary).

The performance information concepts used by Madibeng Local Municipality in its integrated performance management system are aligned to the **Framework of Managing Programme Performance Information** issued by the National Treasury:

NW372 Madibeng - Supporting Table SA7 Measureable performance objectives

Description	Unit of measurement	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
06 - Infrastructure And Technical Services										
Electricity										
Electricity Distribution										
Electricity (At Least Min.Service Level)	Households	-	-	65 000.00	-	65 000.00	65 000.00	65 000.00	65 000.00	65 000.00
Electricity/Other Energy (50kwh Per Household Per Month)	Households	-	-	21 000.00	-	21 000.00	21 000.00	21 000.00	21 000.00	21 000.00
Waste Water Management										
Sewerage										
Flush Toilet (Connected To Sewerage)	Households	-	-	44 405.00	-	44 405.00	44 405.00	44 405.00	44 405.00	44 405.00
Flush Toilet (With Septic Tank)	Households	-	-	2 444.00	-	2 444.00	2 444.00	2 444.00	2 444.00	2 444.00
Sanitation (Free Minimum Level Service)	Households	-	-	5 433.00	-	5 433.00	5 433.00	5 433.00	5 433.00	5 433.00
Sanitation (Free Sanitation Service)	Rand Value	-	-	65 196.00	-	65 196.00	65 196.00	65 196.00	65 196.00	65 196.00
Water										
Water Distribution										

Piped Water Inside Yard (But Not In Dwelling)	Households	-	-	95 280.00	-	95 280.00	95 280.00	95 280.00	95 280.00	95 280.00
Using Public Tap (At Least Min.Service Level)	Households	-	-	4 880.00	-	4 880.00	4 880.00	4 880.00	4 880.00	4 880.00
Water (6 Kilolitres Per Household Per Month)	Households	-	-	28 901.00	-	28 901.00	28 901.00	28 901.00	28 901.00	28 901.00
Water (6 Kilolitres Per Household Per Month)	Rand Value	-	-	1 387 250.00	-	957 201.00	957 201.00	957 201.00	957 201.00	957 201.00
07 - Community Services										
Waste Management										
Solid Waste										
Refuse (Removed At Least Once A Week)	Households	-	-	5 433.00	-	5 433.00	5 433.00	5 433.00	5 433.00	5 433.00
Removed At Least Once A Week	Households	-	-	47 506.00	-	47 506.00	47 506.00	47 506.00	47 506.00	47 506.00

NW372 Madibeng -
Supporting Table SA8
Performance
indicators and
benchmarks

Benchmarks												
Description of financial indicator	Basis of calculation	2009/10	2010/11	2011/12	Current Year 2012/13	2013/14 Medium Term Revenue & Expenditure Framework						
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16	
<u>Borrowing Management</u>												
Credit Rating												
Capital Charges to Operating Expenditure	Interest & Principal Paid /Operating Expenditure	-0.3%	5.5%	1.8%	6.6%	5.4%	5.4%	6.6%	1.9%	3.9%	4.8%	
Capital Charges to Own Revenue	Finance charges & Repayment of borrowing /Own Revenue	-0.5%	8.2%	2.5%	8.8%	7.1%	7.1%	8.4%	2.7%	5.4%	7.0%	
Borrowed funding of 'own' capital expenditure	Borrowing/Capital expenditure excl. transfers and grants and contributions	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	
<u>Safety of Capital</u>												
Gearing	Long Term Borrowing/ Funds & Reserves	0.0%	0.0%	0.0%	61.5%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	
<u>Liquidity</u>												
Current Ratio	Current assets/current liabilities	1.0	0.9	1.1	6.9	1.1	1.1	–	1.6	1.6	1.6	
Current Ratio adjusted for aged debtors	Current assets less debtors > 90 days/current liabilities	1.0	0.9	1.1	6.9	1.1	1.1	–	1.6	1.6	1.6	
Liquidity Ratio	Monetary Assets/Current Liabilities	0.2	0.4	0.3	3.6	0.3	0.3	–	0.4	0.4	0.5	
<u>Revenue Management</u>												
Annual Debtors Collection Rate (Payment Level %)	Last 12 Mths Receipts/Last 12 Mths Billing		131.4%	36.7%	54.6%	94.1%	94.0%	94.0%	0.0%	75.0%	75.5%	
Current Debtors Collection Rate (Cash receipts % of Ratepayer & Other revenue)			131.4%	36.7%	54.8%	94.1%	94.0%	94.0%	0.0%	75.0%	75.5%	
Outstanding Debtors to Revenue	Total Outstanding Debtors to Annual Revenue	23.2%	25.1%	19.3%	18.4%	20.5%	20.5%	0.0%	21.2%	17.9%	15.5%	
Longstanding Debtors Recovered	Debtors > 12 Mths Recovered/Total Debtors > 12 Months Old											
<u>Creditors Management</u>												
Creditors System Efficiency	% of Creditors Paid Within Terms (within 'MFMA' s 65(e))											
Creditors to Cash and Investments		391.5%	341.5%	593.1%	94.1%	439.3%	439.3%	0.0%	210.9%	138.7%	75.6%	

<u>Other Indicators</u>											
Electricity Distribution Losses (2)	Total Volume Losses (kW)										
	Total Cost of Losses (Rand '000)										
Water Distribution Losses (2)	Total Volume Losses (kℓ)										
	Total Cost of Losses (Rand '000)										
Employee costs	Employee costs/(Total Revenue - capital revenue)	20.2%	22.8%	16.7%	19.1%	19.8%	19.8%	25.2%	23.6%	23.1%	22.9%
Remuneration	Total remuneration/(Total Revenue - capital revenue)	21.5%	24.2%	17.9%	20.7%	21.4%	19.3%		25.7%	25.0%	24.7%
Repairs & Maintenance	R&M/(Total Revenue excluding capital revenue)	2.3%	1.4%	1.2%	3.9%	4.0%	4.0%		3.0%	3.8%	4.8%
Finance charges & Depreciation	FC&D/(Total Revenue - capital revenue)	10.4%	11.4%	7.5%	6.6%	5.4%	5.4%	8.8%	4.1%	5.7%	6.5%
<u>IDP regulation financial viability indicators</u>											
i. Debt coverage	(Total Operating Revenue - Operating Grants)/Debt service payments due within financial year)	(304.5)	(17.0)	14.8	18.9	18.9	18.9	25.5	29.4	24.2	25.7
ii. O/S Service Debtors to Revenue	Total outstanding service debtors/annual revenue received for services	41.3%	39.4%	41.6%	27.2%	30.3%	30.3%	0.0%	33.8%	28.3%	25.6%
iii. Cost coverage	(Available cash + Investments)/monthly fixed operational expenditure	0.8	1.2	0.5	0.6	0.7	0.7	0.2	1.1	1.4	2.4

12. OVERVIEW OF BUDGET RELATED-POLICIES

Madibeng Local Municipality's budgeting process is guided and governed by relevant legislation, frameworks, strategies and related policies.

The following By-Law and policies relating to the budget were reviewed and adopted by Council:

- Budget & Virement Policy
- Property Rates Policy & Bylaw
- Tariff Setting Policy
- Donations Sponsorships and Gifts Policy
- Revised Cash Management and Investment Policy
- Revised Indigent Household Subsidy Policy
- Draft Supply Chain Management Policy
- Draft Asset Management Policy
- Revised Credit Control and Debt Collection Policy & Bylaw
- Draft Customer Care Policy
- Other Policies for controlling Expenses
 - Draft Overtime Policy (new)

- ☐ Draft Stay and Travel Policy(new)
- ☐ Draft Payroll Policy (new)
- ☐ Draft Petty Cash Policy
- ☐ Draft Cellular Phone and Data Contract Policy (new)
- ☐ Draft Leave Policy (New)

13. OVERVIEW OF BUDGET ASSUMPTIONS

The 2013/14 MTREF has been compiled taking into account the Macro-Economic Performance and Projections namely, headline inflation forecast and employee related costs.

Revenue Projections

The revenue projections have been compiled under the following assumptions:

- ❖ Considered 2011/12 actual collections @ 75%
- ❖ Revised Water Tariffs @ 18%
 - Rand Water Tariff charge and possible increase @ 9.825%
 - City of Tshwane charges and possible increase @ 9%
 - Repairs and Maintenance Costs
 - Overhead costs
- ❖ Electricity Tariffs
 - NT Guideline @ 8%
 - **Industrial phased Tariffs:**

The Municipality proposed a phased- in approach over three (3) year period to implement the tariff increase as informed in the mainly by the following:

- To allow consumers to adjust and plan accordingly within the proposed tariffs;
- Previously and historically the tariffs were set on incremental basis;
- The need to impose and levy cost reflective tariff congruent to ruling market conditions, operational and developmental imperatives;
- Tariff increases imposed on the Municipality by Eskom is always higher than that approved by NERSA for municipalities (motivation required);
- Eskom impose additional charges or levies for Environmental and Rural electrification whereby the Municipality should include in the tariff;
- The need to upgrade and maintain the Nominal Maximum Demand for both current and future needs of the industry (requires upfront payment to the Utility Eskom);
- The need to maintain and sustain reliable quality of supply continuously to consumers (effect upgrades and refurbishments of networks) and
- To continuously keep up with the ever changing technological advancements in the industry for better energy efficiency and management

The above proposal is illustrated figuratively below for Industrial phased tariffs increase:

Low Voltage Demand

Number	Type of Charge	Year 1 (12/13)	Year 2 (13/14)	Year 3 (14/15)
1.	Basic Charge	R1,061.63	+% Nersa guide	+% Nersa guide
2.	Energy Charge	37,5%	22,7%	18,3%
3.	Demand Charge	R116.98	+% Nersa guide	+% Nersa guide

Medium Voltage Demand

Number	Type of Charge	Year 1 (12/13)	Year 2 (13/14)	Year 3 (14/15)
1.	Basic Charge	R1,620.38	+% Nersa guide	+% Nersa guide
2.	Energy Charge	37,5%	22,7%	18,3%
3.	Demand Charge	R108.31	+% Nersa guide	+% Nersa guide

Note: In both cases the “Basic charge” and “Demand charge” will be as proposed at a reduced rate from the previous year as indicated and will increase with percentage rate as guided and approved by NERSA. The “Energy charge” the increases indicated are exclusive of that guided and approved by NERSA for year 2 and 3.

- ❖ Inflation increase for other services @ 5.65%, 5.4% and 5.4% for 2013/14, 2014/15 and 2015/16 respectively.
- ❖ Division of Revenue Bill 2013 allocations

Employee Related Costs

The multiyear Salary and Wage Collective Agreement for the period 1 July 2012 to 30 June 2015 was used to determine the salaries budget while waiting for the announcement of the final CPI for the relevant period. The agreement provides for a wage increase based on the average CPI for the period 1 February 2012 until 31 January 2013, plus 1.25 percent for the 2013/14 financial year.

In terms of the 2012 Medium Term Budget Policy Statement, municipalities were advised to provide for increases related to salaries and wages for the 2013/14 budget and MTREF as follows:

- ❖ Multi year salary wage collective agreement of 01 July 2012 to 30 June 2015
 - 6.85% (CPI of 5.6% + 1.25%) for 2013/14
 - 6.4% (CPI of 5.4% + 1%) for 2014/15
 - 6.4% (CPI of 5.4% + 1%) for 2015/16
- ❖ Payroll actual as at 28 February 2013
- ❖ Key positions advertised in March 2013
- ❖ Key positions to be filled in 2013/14 financial year

Once the final average CPI for the period 1 February 2012 until 31 January 2013 is available the necessary adjustment will be done in the before the budget can be presented to council for approval. In addition to the above the followings were considered during when preparing the salary budget:

- ❖ The overtime budget was at 5 percent which is equal to 5 percent as advised in terms of Circular 66 of the MFMA
- ❖ The overtime budget relates to essential services

Remuneration of Councillors

Councillors Allowances were projected based on the following:

- ❖ As per ministerial determination of 2012
- ❖ Tools of Trade
- ❖ Projected 2013 increase @ 7%

General Expenses and Other Related Items

Combination of incremental and Activity Based Cost budgeting principles plus possible price increase at inflation of 5.6% and that management should put strict measures in place to avoid unnecessary spending.

This section of the budget report provides a summary of all principles and assumptions underlying the preparation of the budget and its proposals. Budgets are prepared in an environment of uncertainty and certain principles and assumptions need to be made about both internal and external factors that could impact on the budget during the course of the financial year.

13.1 External factors: General inflation outlook and its impact on the municipal activities,

- I. Owing to the economic slowdown, financial resources are limited due to reduced payment levels by consumers. This has resulted in declining cash inflows, which has necessitated restrained expenditure to ensure that cash outflows remain within the affordability parameters of the Madibeng Municipality's finances.
- II. The Council is committed to stringent budgeting policies and parameters through a budget that seeks to strike a balance between the development challenges of the poor areas and the need to maintain their infrastructure in established areas. The Council is also committed to ensuring that consultation on the budget takes place as widely as possible and to achieve balanced budgets on an affordable basis now and in the future.
- III. The Council is further committed to levying affordable tariff increases.
- IV. Debtors revenue is assumed to increase at a rate that is influenced by the consumer debtors collection rate, tariff/rate pricing, real growth rate of the Madibeng Local Municipality, household formation growth rate and the poor household change rate.
- V. The Executive Mayor will keep record of all comments and submissions received and the steps taken to address most of the requests.
- VI. National Treasury advises that the medium term outlook for the South African economy remains positive with the inflation rate expected to stay within the target range of 3 to 6 percent. The inflation forecast (CPIX) announced for 2012/13, 2013/14 and 2014/15 is 5.9%, 5.3% and 5.7% respectively. National Treasury set as guidelines parameters for the budget growth and these have been set at between 3% and 6% for the 2012/2013. The growth parameters apply to tariff increases for property rates, user and other charges raised by the municipalities, to ensure that all spheres of government support the nation macro-economic policies, unless it can be shown that external factors particular to the municipality concerned impact otherwise.
- VII. Another key focus of the 2012/13 financial year is to ensure that, all Indigents are registered and approved.

13.2 Impact of national, provincial and local policies

Integration of service delivery between national, provincial and local government is critical to ensure focussed service delivery and in this regard various measures were implemented to align IDPs, provincial and national strategies around priority spatial interventions. In this regard, the following national priorities form the basis of all integration initiatives:

- Creating jobs;
- Enhancing education and skill development;
- Improving Health services
- Rural development and agriculture; and
- Fighting crime and corruption.

To achieve these priorities integration mechanisms are in place to ensure integrated planning and execution of various development programs. The focus will be to strengthen the link between policy priorities and expenditure thereby ensuring the achievement of the national, provincial and local objectives.

13.3 Funding compliance measurement

National Treasury requires that the municipality assess its financial sustainability against fourteen different measures that look at various aspects of the financial health of the municipality. These measures are contained in the following table. All the information comes directly from the annual budgeted statements of financial performance, financial position and cash flows. The funding compliance measurement table essentially measures the degree to which the proposed budget complies with the funding requirements of the MFMA.

(Table SA10) – Funding compliance measurement

Description	MFMA section	Ref	2009/10	2010/11	2011/12	Current Year 2012/13	2013/14 Medium Term Revenue & Expenditure Framework	Full Year Forecast	Pre-audit outcome	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget					
Funding measures	-	-										
Cash/cash equivalents at the year end - R'000	18(1)b	1	57 699	78 725	39 369	53 159	53 149	53 149	10 000	95 759	144 232	261 918
Cash + investments at the yr end less applications - R'000	18(1)b	2	153 363	(83 810)	(40 845)	432 075	68 570	68 570	-	105 097	111 738	128 577
Cash year end/monthly employee/supplier payments	18(1)b	3	0.8	1.2	0.5	0.6	0.7	0.7	0.2	1.1	1.4	2.4
Surplus/(Deficit) excluding depreciation offsets: R'000	18(1)	4	(24 145)	(27 694)	399 609	76	76	76	53 044	0	482	725
Service charge rev % change - macro CPIIX target exclusive	18(1)a,(2)	5	N.A.	2.0%	7.5%	25.7%	(6.0%)	(6.0%)	(38.7%)	(10.3%)	9.0%	0.5%
Cash receipts % of Ratepayer & Other revenue	18(1)a,(2)	6	131.4%	36.7%	54.8%	94.1%	94.0%	94.0%	0.0%	75.0%	75.5%	80.5%
Debt impairment expense as a % of total billable revenue	18(1)a,(2)	7	25.9%	21.1%	23.2%	23.8%	23.8%	23.8%	0.0%	24.2%	25.0%	26.7%
Capital payments % of capital expenditure	18(1)c;19	8	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%	100.0%	100.0%
Borrowing receipts % of capital expenditure (excl. transfers)	18(1)c	9	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Grants % of Govt. legislated/gazetted	18(1)a	10								0.0%	0.0%	0.0%

allocations												
Current consumer debtors % change - inc(decr)	18(1)a	11	N.A.	3.1%	19.8%	(14.0%)	11.5%	0.0%	(100.0%)	6.8%	(3.7%)	(3.8%)
Long term receivables % change - inc(decr)	18(1)a	12	N.A.	(0.7%)	(0.8%)	(100.0%)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
R&M % of Property Plant & Equipment	20(1)(vi)	13	1.5%	0.9%	1.0%	2.9%	3.0%	3.0%	0.0%	2.1%	3.1%	4.2%
Asset renewal % of capital budget	20(1)(vi)	14	0.0%	0.0%	0.0%	0.0%	0.8%	0.8%	0.0%	0.0%	0.0%	4.3%

% incr <i>total service charges (incl prop rates)</i>	18(1)a	-	-	8.0%	13.5%	31.7%	0.0%	0.0%	(32.7%)	(4.3%)	15.0%	6.5%
% incr Property Tax	18(1)a	8.0%	(14.9%)	16.5%	0.0%	0.0%	(23.0%)	33.6%	30.8%	5.4%		
% incr Service charges - electricity revenue	18(1)a	13.7%	27.0%	18.9%	0.0%	0.0%	(25.0%)	(1.3%)	7.8%	7.8%		
% incr Service charges - water revenue	18(1)a	(15.2%)	42.4%	91.3%	0.0%	0.0%	(44.0%)	(28.8%)	5.5%	5.4%		
% incr Service charges - sanitation revenue	18(1)a	3.6%	45.9%	25.3%	0.0%	0.0%	(62.3%)	(49.4%)	5.4%	5.4%		
% incr Service charges - refuse revenue	18(1)a	7.0%	8.0%	13.2%	1.2%	0.0%	(25.7%)	(5.8%)	5.4%	5.4%		
% incr in Service charges - other	18(1)a	0.0%	0.0%	0.0%	0.2%	0.0%	(99.4%)	(100.0%)	0.0%	0.0%		
Total billable revenue	18(1)a	494 884	534 401	605 990	797 802	798 183	798 183	536 856	763 870	878 322	935 819	
Service charges		493 909	533 507	605 327	796 980	797 361	797 361	536 414	763 304	877 705	935 146	
Property rates		175 620	189 594	161 345	188 020	188 020	188 020	144 692	251 231	328 670	346 418	
Service charges - electricity revenue		226 152	257 246	326 785	388 690	388 690	388 690	291 418	383 677	413 671	446 025	
Service charges - water revenue		50 294	42 664	60 744	116 220	116 220	116 220	65 049	82 771	87 287	92 041	
Service charges - sanitation revenue		22 718	23 547	34 366	43 050	43 050	43 050	16 228	21 780	22 957	24 197	
Service charges - refuse removal		19 125	20 457	22 088	25 000	25 300	25 300	18 807	23 845	25 121	26 466	
Service charges - other		-	-	-	36 000	36 081	36 081	221	-	-	-	
Rental of facilities and equipment		975	894	663	822	822	822	442	566	617	672	
Capital expenditure excluding capital grant funding		-	-	-	5 500	-	-	-	-	-	-	
Cash receipts from ratepayers	18(1)a	833 524	221 118	371 624	827 133	827 133	827 133	-	661 500	750 750	850 250	
Ratepayer & Other revenue	18(1)a	634 539	603 037	677 675	879 263	880 190	880 190	605 756	881 690	994 009	1 056 126	
Change in consumer debtors (current and non-current)		63 122	6 235	41 591	(47 376)	(22 517)	(22 517)	(264 376)	41 285	(9 494)	(9 500)	
Operating and Capital Grant Revenue	18(1)a	289 908	274 412	669 097	289 843	289 843	289 843	215 827	327 460	388 092	481 062	
Capital expenditure - total	20(1)(vi)	90 666	51 016	231 946	210 500	279 217	279 217	124 603	221 956	251 378	279 911	
Capital expenditure - renewal	20(1)(vi)	-	-	-	-	2 100	2 100	-	-	-	12 000	
Supporting benchmarks												
Growth guideline maximum		6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	
CPI guideline		4.3%	3.9%	4.6%	5.0%	5.0%	5.0%	5.0%	5.4%	5.6%	5.4%	
DoRA operating grants total MFY												
DoRA capital grants total MFY												
Provincial operating grants												
Provincial capital grants												
District Municipality grants												
Total gazetted/advised national, provincial and district grants									-	-	-	
Average annual collection rate (arrears inclusive)												

Change in consumer debtors (current and non-current)

63 122 6 235 41 591 (264 376) 41 285 (9 494) (9 500) - - -

<u>Total Operating Revenue</u>			931 668	888 528	1 366 437	1 181 256	1 182 173	1 182 173	829 241	1 219 454	1 392 940	1 548 543
<u>Total Operating Expenditure</u>			955 813	916 221	966 827	1 181 180	1 182 097	1 182 097	776 198	1 219 454	1 392 458	1 547 818
<u>Operating Performance Surplus/(Deficit)</u>			(24 145)	(27 694)	399 609	76	76	76	53 044	0	482	725
<u>Cash and Cash Equivalents (30 June 2012)</u>										95 759		
<u>Revenue</u>												
% Increase in Total Operating Revenue				(4.6%)	53.8%	(13.6%)	0.1%	0.0%	(29.9%)	3.2%	14.2%	11.2%
% Increase in Property Rates Revenue				8.0%	(14.9%)	16.5%	0.0%	0.0%	(23.0%)	33.6%	30.8%	5.4%
% Increase in Electricity Revenue				13.7%	27.0%	18.9%	0.0%	0.0%	(25.0%)	(1.3%)	7.8%	7.8%
% Increase in Property Rates & Services Charges				8.0%	13.5%	31.7%	0.0%	0.0%	(32.7%)	(4.3%)	15.0%	6.5%
<u>Expenditure</u>												
% Increase in Total Operating Expenditure				(4.1%)	5.5%	22.2%	0.1%	0.0%	(34.3%)	3.2%	14.2%	11.2%
% Increase in Employee Costs				8.1%	12.5%	(1.4%)	3.7%	0.0%	(10.4%)	23.5%	11.6%	10.4%
% Increase in Electricity Bulk Purchases				58.1%	4.8%	9.8%	0.0%	0.0%	(8.8%)	6.0%	18.9%	8.1%
Average Cost Per Budgeted Employee Position (Remuneration)					284334.4994	257375.6571				309110.3451		
Average Cost Per Councillor (Remuneration)					274569.4722	338888.8889				340249.375		
R&M % of PPE			1.5%	0.9%	1.0%	2.9%	3.0%	3.0%		2.1%	3.1%	4.2%
Asset Renewal and R&M as a % of PPE			1.0%	1.0%	1.0%	3.0%	3.0%	3.0%		2.0%	3.0%	5.0%
Debt Impairment % of Total Billable Revenue			25.9%	21.1%	23.2%	23.8%	23.8%	23.8%	0.0%	24.2%	25.0%	26.7%
<u>Capital Revenue</u>												
Internally Funded & Other (R'000)			–	–	–	5 500	–	–	–	–	–	–
Borrowing (R'000)			–	–	–	–	–	–	–	–	–	–
Grant Funding and Other (R'000)			90 666	51 016	231 946	205 000	279 217	279 217	124 603	221 956	251 378	279 911
Internally Generated funds % of Non Grant Funding			0.0%	0.0%	0.0%	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Borrowing % of Non Grant Funding			0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Grant Funding % of Total Funding			100.0%	100.0%	100.0%	97.4%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
<u>Capital Expenditure</u>												
Total Capital Programme (R'000)			90 666	51 016	231 946	210 500	279 217	279 217	162 696	221 956	251 378	279 911
Asset Renewal			–	–	–	–	2 100	2 100	2 100	–	–	12 000
Asset Renewal % of Total Capital Expenditure			0.0%	0.0%	0.0%	0.0%	0.8%	0.8%	1.7%	0.0%	0.0%	4.3%
<u>Cash</u>												
Cash Receipts % of Rate Payer & Other			131.4%	36.7%	54.8%	94.1%	94.0%	94.0%	0.0%	75.0%	75.5%	80.5%
Cash Coverage Ratio			0	0	0	0	0	0	0	0	0	0
<u>Borrowing</u>												
Credit Rating (2009/10)										0		
Capital Charges to Operating Borrowing Receipts % of Capital Expenditure			(0.3%)	5.5%	1.8%	6.6%	5.4%	5.4%	6.6%	1.9%	3.9%	4.8%
			0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<u>Reserves</u>												
Surplus/(Deficit)			153 363	(83 810)	(40 845)	432 075	68 570	68 570	–	105 097	111 738	128 577
<u>Free Services</u>												
Free Basic Services as a % of Equitable Share			372.7%	0.0%	0.0%	0.0%	0.0%	0.0%		0.0%	0.0%	0.0%
Free Services as a % of Operating Revenue (excl operational transfers)			1.6%	5.3%	5.6%	4.5%	4.5%	4.5%		8.4%	1.6%	1.6%
<u>High Level Outcome of Funding Compliance</u>												
Total Operating Revenue			931 668	888 528	1 366 437	1 181 256	1 182 173	1 182 173	829 241	1 219 454	1 392 940	1 548 543
Total Operating Expenditure			955 813	916 221	966 827	1 181 180	1 182 097	1 182 097	776 198	1 219 454	1 392 458	1 547 818

Surplus/(Deficit) Budgeted Operating Statement		(24 145)	(27 694)	399 609	76	76	76	53 044	0	482	725
Surplus/(Deficit) Considering Reserves and Cash Backing		129 217	(111 504)	358 765	432 151	68 646	68 646	53 044	105 097	112 220	129 302
MTREF Funded (1) / Unfunded (0)	15	1	0	1	1	1	1	1	1	1	1
MTREF Funded ✓ / Unfunded ✗	15	✓	✗	✓	✓	✓	✓	✓	✓	✓	✓

14. COUNCILLOR AND EMPLOYEE BENEFITS

NW372 Madibeng - Supporting Table SA22 Summary councillor and staff benefits

Summary of Employee and Councillor remuneration	Ref	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
R thousand										
Councillors (Political Office Bearers plus Other)	1	A	B	C	D	E	F	G	H	I
Basic Salaries and Wages		7 260	7 866	8 787	11 132	11 132	11 132	16 898	17 722	18 550
Pension and UIF Contributions		961	914	936	1 581	1 581	1 581	1 300	1 373	1 447
Medical Aid Contributions		581	795	795	1 244	1 244	1 244	600	634	668
Motor Vehicle Allowance		2 923	1 265	1 265	4 454	4 454	4 454	4 500	4 752	5 009
Cellphone Allowance		632	826	3 826	968	968	968	1 200	1 267	1 336
Housing Allowances										
Other benefits and allowances		–	–	–	–	–	–	–	–	–
Sub Total - Councillors		12 358	11 665	15 608	19 378	19 378	19 378	24 498	25 747	27 009
% increase	4		(5.6%)	33.8%	24.2%	–	–	26.4%	5.1%	4.9%
Senior Managers of the Municipality	2									
Basic Salaries and Wages		1 821	3 880	3 880	3 950	4 950	4 950	5 184	5 474	5 770
Pension and UIF Contributions		398	900	900	950	950	950	1 010	1 067	1 124
Medical Aid Contributions		–	250	250	260	260	260	285	301	317
Overtime		494	1 000	1 000	–	–	–	–	–	–
Performance Bonus		–	40	40	–	–	–	–	–	–
Motor Vehicle Allowance	3	–	35	35	38	38	38	45	48	50
Cellphone Allowance	3	–	–	–	50	50	50	70	74	78
Housing Allowances	3	–	320	320	348	348	348	389	411	433
Other benefits and allowances	3									
Payments in lieu of leave										
Long service awards										
Post-retirement benefit obligations	6									
Sub Total - Senior Managers of Municipality		2 713	6 425	6 425	5 596	6 596	6 596	6 983	7 374	7 772
% increase	4		136.8%	–	(12.9%)	17.9%	–	5.9%	5.6%	5.4%
Other Municipal Staff										
Basic Salaries and Wages		125 282	126 210	132 667	143 433	150 819	126 454	206 715	235 675	264 363
Pension and UIF Contributions		24 244	22 245	22 245	31 633	31 633	31 633	28 237	29 819	31 429
Medical Aid Contributions		10 186	18 725	18 725	19 518	19 518	19 518	14 123	14 914	15 719
Overtime		8 506	9 356	9 356	6 906	6 906	6 906	16 745	17 683	18 638
Performance Bonus		165	169	169	–	–	–	–	–	–
Motor Vehicle Allowance	3	1 684	1 271	1 271	11 382	11 382	11 382	11 178	11 804	12 441
Cellphone Allowance	3	1 883	1 363	20 252	2 186	2 186	2 186	150	159	167
Housing Allowances	3	–	–	–	1 691	1 691	1 691	818	864	910
Other benefits and allowances	3	13 158	17 211	17 211	–	–	–	–	–	–
Payments in lieu of leave		–	–	–	2 858	2 858	2 858	3 450	3 643	3 840
Long service awards										
Post-retirement benefit obligations	6									

Sub Total - Other Municipal Staff		185 110	196 550	221 896	219 607	226 993	202 628	281 417	314 560	347 508
% increase	4		6.2%	12.9%	(1.0%)	3.4%	(10.7%)	38.9%	11.8%	10.5%
Total Parent Municipality		200 181	214 640	243 929	244 581	252 967	228 602	312 898	347 681	382 289
			7.2%	13.6%	0.3%	3.4%	(9.6%)	36.9%	11.1%	10.0%
<u>Board Members of Entities</u>										
Basic Salaries and Wages										
Pension and UIF Contributions										
Medical Aid Contributions										
Overtime										
Performance Bonus										
Motor Vehicle Allowance	3									
Cellphone Allowance	3									
Housing Allowances	3									
Other benefits and allowances	3									
Board Fees										
Payments in lieu of leave										
Long service awards										
Post-retirement benefit obligations	6									
Sub Total - Board Members of Entities		-	-	-	-	-	-	-	-	-
% increase	4		-	-	-	-	-	-	-	-
<u>Senior Managers of Entities</u>										
Basic Salaries and Wages										
Pension and UIF Contributions										
Medical Aid Contributions										
Overtime										
Performance Bonus										
Motor Vehicle Allowance	3									
Cellphone Allowance	3									
Housing Allowances	3									
Other benefits and allowances	3									
Payments in lieu of leave										
Long service awards										
Post-retirement benefit obligations	6									
Sub Total - Senior Managers of Entities		-	-	-	-	-	-	-	-	-
% increase	4		-	-	-	-	-	-	-	-
<u>Other Staff of Entities</u>										
Basic Salaries and Wages										
Pension and UIF Contributions										
Medical Aid Contributions										
Overtime										
Performance Bonus										
Motor Vehicle Allowance	3									
Cellphone Allowance	3									
Housing Allowances	3									
Other benefits and allowances	3									
Payments in lieu of leave										
Long service awards										
Post-retirement benefit obligations	6									
Sub Total - Other Staff of Entities		-	-	-	-	-	-	-	-	-
% increase	4		-	-	-	-	-	-	-	-
Total Municipal Entities		-	-	-	-	-	-	-	-	-
TOTAL SALARY, ALLOWANCES & BENEFITS		200 181	214 640	243 929	244 581	252 967	228 602	312 898	347 681	382 289
% increase	4		7.2%	13.6%	0.3%	3.4%	(9.6%)	36.9%	11.1%	10.0%
TOTAL MANAGERS AND STAFF	5,7	187 823	202 975	228 321	225 203	233 589	209 224	288 400	321 934	355 280

NW372 Madibeng - Supporting Table SA23 Salaries, allowances & benefits (political office bearers/councillors/senior managers)

Disclosure of Salaries, Allowances & Benefits 1.	Ref	No.	Salary	Contributions	Allowances	Performance Bonuses	In-kind benefits	Total Package
Rand per annum				1.				2.
<u>Councillors</u>	3							
Speaker	4	1	316 457	64 748	145 908	–		527 113
Chief Whip		1	295 741	61 641	137 964	–		495 346
Executive Mayor		1	400 214	76 296	196 584	–		673 094
Deputy Executive Mayor								–
Executive Committee		10	3 253 151	739 692	1 652 328	–		5 645 171
Total for all other councillors		59	6 866 037	1 882 323	8 408 891	–		17 157 251
Total Councillors	8	72	11 131 600	2 824 700	10 541 675			24 497 975
<u>Senior Managers of the Municipality</u>	5							
Municipal Manager (MM)		1	600 000	156 211	416 513	–		1 172 724
Chief Finance Officer		1	724 156		316 352			1 040 508
Chief Operating Officer		1	639 648	179 385	213 447			1 032 480
Director Infrastructure		1	552 000	160 806	273 194			986 000
Director Corporate Support services		1	461 928	126 272	328 816			917 016
<i>List of each official with packages >= senior manager</i>								
Director Community Services		1	552 000	121 440	243 576			917 016
Director Economic Development		1	546 612	120 255	250 149			917 016
Director Public Safety		1	546 612	120 255	250 149			917 016
Director Human Settlement		1	546 612	120 255	250 149			917 016
								–
								–
								–
								–
								–
								–

	CAPITAL BUDGET	WARD BENEFITING	BUDGET 2013/14	BUDGET 2014/15	BUDGET 2015/16	FUNDING SOURCE
	MIG FUNDED					
1	WARD 1 WATER SUPPLY SCHEME	1	4 000 000	15 000 000	30 000 000	MIG
2	KLIPGAT EXTENTIONS WATER SUPPLY	24,8,36	10 000 000	25 000 000	15 000 000	MIG
3	HEBRON, KGABALATSANE, ITSOSENG, ROCKVILLE WATER SUPPLY	10,15,16	42 606 000	42 178 000	53 411 000	MIG
4	MABOLOKA ENVIRONMENT WATER SUPPLY	4,5,6	2 000 000			MIG
5	SUNWAY VILLAGE BULK SEWERLINE	30	1 000 000			MIG
6	LETLHABILE WASTE WATER TREATMENT WORKS- UPGRADE	9,11,12,34,	4 000 000	5 000 000		MIG
7	MOTHOTLUNG WASTE WATER TREATMENT WORKS- UPGRADE	20	5 000 000			MIG
8	RIETFontein WASTE WATER TREATMENT WORKS	30	2 000 000			MIG
9	KLIPGAT SANITATION PROJECT	24,8,36	10 000 000	25 000 000	45 000 000	MIG
10	BRITS SEWERAGE PLANT (PUMP STATION)	9,11,12,13,21,22,23	8 500 000	15 000 000		MIG
11	FAFUNG, TO RASAI ROAD	1	10 000 000	15 000 000	30 000 000	MIG
12	MOTHUTLUNG STORM WATER	20	5 000 000	8 000 000		MIG
13	LETLHABILE STORMWATER	9,11,12	5 000 000	7 000 000		MIG
14	OUKASIE STORM WATER	13,21,22	5 000 000	15 000 000	13 000 000	MIG
15	OUKASIE TO ELANDSRAND CONNECTION ROAD	21,22	2 550 000			MIG / SANRAL/PROV. ROAD
16	RANKOTEA ROAD	14	5 000 000	5 000 000	5 000 000	MIG/PPP
17	KLIPGAT STORM WATER	24,8,36	6 000 000			MIG
18	MAKGABELWANE TO JERICO ROAD	34,2	5 000 000	12 000 000	5 000 000	MIG
19	CLUSTER ROADS (ALL WARDS)	ALL WARDS	11 500 000	26 500 000	36 500 000	MIG
20	UPGRADING OF THE MAIN BUS AND TAXI RANK (BRITS)	ALL WARDS	-		12 000 000	MIG
21	NEW NORTHERN REGIONAL LANDFIL SITE	ALL WARDS	6 000 000	14 000 000		MIG
22	OUKASIE WASTE TRANSFER STATION	13,21,22	1 500 000			MIG
23	HEBRON WASTE TRANSFER STATION	10,15,16	1 500 000			MIG
24	WARD 19 WASTE TRANSFER STATION(MMAKAU)	17,18,19	1 500 000			MIG
25	NEW OUKASIE CEMETRY	13,21,22	4 000 000	3 000 000		MIG
26	MAJAKANENG CEMETERY	7	2 000 000			MIG
27	LETLHABILE CEMETRY	9,11,12	6 500 000			MIG
28	COMMUNITY HALL (WARD 1)	1	5 500 000			MIG
29	COMMUNITY HALL (WARD 17)	17	5 500 000			MIG
30	COMMUNITY HALL (WARD 25)	25	5 500 000			MIG
31	HEBRON COMMUNITY LIBRARY	15	4 850 000			MIG
32	KGABALATSANE SPORTS FACILITY	10	4 500 000			MIG
33	JERICO MULTI-PURPOSE CENTRE	2	4 650 000			MIG
34	DITHABANENG MULTI PURPOSE CENTRE	27	-	4 700 000		MIG
35	MADIDI MULTI-PURPOSE CENTRE	3	6 500 000			MIG
36	DAMMONSVILLE UPGRADING OF SPORTS FACILITY	21	6 800 000			MIG
37	SHAKUNG MULTIPURPOSE CENTRE	34	6 000 000	-		MIG
38	PUBLIC LIGHTING (STREET/HIGHMAST)	ALL WARDS	-	4 000 000	15 000 000	MIG
	SUBTOTAL		216 956 000	241 378 000	259 911 000	
	OTHER SOURCES					
39	ELECTRIFICATION OF 750 ERVEN: LETLHABILE EXTENSION I PHASE III	9				INEP
40	ELECTRIFICATION OF 237 ERVEN :LETLHABILE EXT I PHASE IV	9	3 000 000			INEP
41	SUNWAY VILLAGE : ELECTRIFICATION 1000 UNITS	29		10 000 000		INEP
42	REFENTSE: ELECTRIFICATION 100 UNITS	29			1 500 000	INEP
43	ELECTRIFICATION	29			18 500 000	INEP
44	DEKROON SUBSTATION					INTERNAL
45	REHABILITATION OF BOREHOLES	1,2,7,8,34				HERNIC (IN KIND)
46	TREATED-EFFLUENT PIPELINE	ALL WARDS				LONMIN/IFC/AMPLATS(IN KIND)
47	MAJAKANENG STORMWATER	7				LONMIN (IN KIND)
48	EPWP - RESEALING BRITS, HARTBEESPOORTDAM ROADS	21,22,23,29,30	2 000 000			EPWP
49	VALBOSCHSLOOT MULTI PURPOSE CENTRE	1	5 000 000			PPC (IN KIND)
	SUBTOTAL		5 000 000	10 000 000	20 000 000	
	TOTAL		221 956 000	251 378 000	279 911 000	

17. LEGISLATION COMPLIANCE STATUS

Compliance with the MFMA implementation requirements have been substantially adhered to through the following activities:

MFMA Implementation and Monitoring Checklist

The municipality is generally complying for the majority of the implementation priorities as per the National Treasury implementation and monitoring checklist. This checklist is updated quarterly and submitted to National Treasury. Below in Table 11 is a summary of progress against the plan

No	Implementation priority as per NT template	Progress
1	Preparing an implementation plan	60%
2	Allocating appropriate responsibilities under the MFMA to Accounting Officer	70%
3	Establishing a top (senior) management team	100%
4	Implementing appropriate controls over municipal bank accounts and cash management	90%
5	Meeting of financial commitments	80%
6	Reporting revenue and expenditure	70%
7	Supply chain management	70%
8	Implementing reforms in relation to municipal entities and long-term contracts	90%
9	Completing financial statements and advising National Treasury	80%
10	Completing and tabling annual report	80%
11	Complying with provisions for tender committees, boards of municipal entities and in relation to forbidden activities	80%
12	Complying with provisions for internal audit and audit committees	80%
13	Complying with provisions for budgets	75%
14	Information to be placed on website	50%

MFMA returns

Name of return	Submitted to
MONTHLY	
Financial Management Grant	NT/PT
Age Analysis Debtors (AD) and Creditors (AC), Cash Flow, Operating Statement Actual (OSB)	NT/PT
Section 71 Budget Statements	PT/NT
Supply Chain Management	NT/PT
MIG returns	NT/PT
MSIG	NT/PT
Conditional Grants returns	NT/PT
QUARTERLY	
MFMA Implementation and monitoring checklist	NT/PT
Municipal entities	NT/PT
Long-term contracts	NT/PT
Borrowing	NT/PT
ANNUALLY	
Budget tables return	NT/PT
Operating Statement Budget	NT/PT
Cash flow Budget	NT/PT
Budget Capital Acquisition	NT/PT
Budget Evaluation Check list	
MONTHLY	
Financial Management Grant	NT/PT
Age Analysis Debtors (AD) and Creditors (AC), Cash Flow, Operating Statement Actual (OSB)	NT/PT
Section 71 Budget Statements	PT/NT
Supply Chain Management	NT/PT
MIG returns	NT/PT

MSIG	NT/PT
Conditional Grants returns NT/PT	
QUARTERLY	
MFMA Implementation and monitoring checklist	NT/PT
Municipal entities	NT/PT
Long-term contracts	NT/PT
Borrowing	NT/PT
ANNUALLY	
Budget tables return	NT/PT
Operating Statement Budget	NT/PT
Cash flow Budget	NT/PT
Budget Capital Acquisition	NT/PT
Budget Evaluation Check list	NT/PT

Audit committees

The municipality has an audit committee in place comprising of independent members as required by section 166 of the MFMA. The Audit Committee meets at least quarterly.

Tabling of section 71 reports

Section 71 reports are submitted to the Executive Mayor and also forwarded to National Treasury/Provincial treasury on a monthly basis.

Delegations

All delegations are in place.

Performance agreements

For the 2012/2013 financial year performance agreements must be signed.

Risk management

The municipality have an updated risk management strategy and plan in place.

18. MUNICIPAL MANAGER'S QUALITY CERTIFICATE

I, municipal manager of Madibeng Local Municipality, hereby certify that the annual budget and supporting documentation have been prepared in accordance with the Municipal Finance Management Act and the regulations made under the Act, and that the annual budget and supporting documents are consistent with the Integrated Development Plan of the municipality.

Print Name _____

Municipal Manager of Madibeng Local Municipality

Signature _____

Date _____